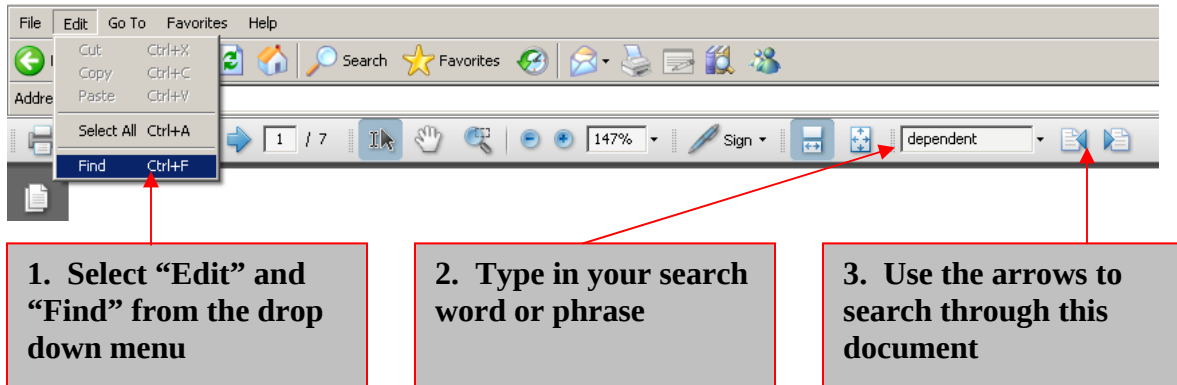


To search this document for the answer to your question(s):



Free File - About the Free File Alliance Questions and Answers

A. About the Free File Alliance

Why was the Free File Alliance formed?

In November of 2001, the Office of Management and Budget's (OMB) Quicksilver Task Force established 24 e-government initiatives that were a part of the President's Management Agenda. These initiatives were designed to improve Government to Government, Government to Business and Government to Citizen electronic capabilities.

One initiative, IRS Free File, instructed the IRS to provide free and secure online tax return preparation and filing services to taxpayers. In accordance with this OMB directive, the IRS began working in partnership with the tax software industry to develop a solution. The result was the formation of the Free File Alliance, LLC, a group of tax software companies who provide free commercial online tax preparation and electronic filing services.

Additional Information:

[Free On-Line Electronic Tax Filing Agreement Amendment - 2009](#)

[Free File Memorandum of Understanding - 2009](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2005](#)

[Free On-Line Electronic Tax Filing Agreement - 2002](#)

Historical Information:

[Final Free Online Electronic Tax Filing Agreement](#) - Read about the precedent-setting Agreement between the Government and the tax software industry (Signed Oct. 30, 2002.)

[Treasury News Release, Agreement Signed](#) - News Release issued concurrently with signing event (Oct. 30, 2002.)

What are the objectives of the Free File Agreement?

- Increase growth of e-filing in pursuit of the IRS' Restructuring and Reform Act of 1998 (RRA '98) goal of having 80 percent of returns filed electronically;
- Provide more free online tax filing options to taxpayers;
- Make tax filing and preparation easier and reduce the burden on individual taxpayers; and
- Provide greater access to taxpayers.

Additional Information:

[Free File Alliance Information](#)

[Free On-Line Electronic Tax filing Agreement Amendment - 2009](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2005](#)

[Free On-Line Electronic Tax Filing Agreement - 2002](#)

[Free File Memorandum of Understanding - 2009](#)

Why is the government working in a partnership with private industry rather than providing its own software free to the public?

The government believes private industry, given its established expertise and experience in the field of electronic tax preparation, has a proven track record in providing the best technology and services available. Additionally, Treasury has indicated it does not want the IRS to enter into the tax software business. The Government believes a partnership with private industry will provide taxpayers with higher quality services by using the existing expertise of the private sector; maximize consumer choice; promote competition within the marketplace; and meet objectives in the least costly manner to taxpayers.

Additional Information:

[Free File Alliance Information](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2009](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2005](#)

[Free On-Line Electronic Tax Filing Agreement - 2002](#)

[Free File Memorandum of Understanding - 2009](#)

Some private sector firms have offered free e-filing to select taxpayer groups for several years; how is this approach different?

This approach offers a multi-year agreement between the IRS and the Free File Alliance to provide free service(s) to more taxpayers. Previously, free offerings were not consistently available and were subject to modification or discontinuation from year to year.

Taxpayers have easier access to the Web page (hosted at IRS.gov), which provides a listing of all free offerings in a single location. Free File Alliance companies offer both free preparation and e-filing services. There is no cost to qualifying taxpayers. Previously, some companies charged for preparation (filling of forms and tax calculations) while offering the transmission free, or provided the preparation free while charging for transmission, or some variation thereof. Under the Agreement, both are free to eligible taxpayers.

Additional Information:

[Free File Alliance Information](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2009](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2005](#)

[Free On-Line Electronic Tax Filing Agreement - 2002](#)

[Free File Memorandum of Understanding - 2009](#)

How are Free File program related disputes solved?

The IRS has implemented the use of binding arbitration to resolve certain disputes between the IRS and the Free File Alliance, LLC, the Alliance members or new market entrants. In accordance with the IRS guidance, binding arbitration before the General Services Board of Contract Appeals (GSBCA) will be used to resolve disputes under Article VIII of the Memorandum of Understanding on Service Standards and Disputes between the IRS and the Alliance. Binding arbitration may be invoked by an Alliance member or new market entrant to challenge the rejection of an Alliance member or new market entrant's offering, the removal of an Alliance member's listing at IRS.gov, or rejection of an Alliance member's request that its listing be restored by the IRS, or the IRS and the Alliance. The guidance will provide IRS with a tool to help achieve our goal of providing expedited, effective, efficient and fair resolution of Free File program related controversies.

Additional Information:

[Free File Alliance Information](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2009](#)

[Free On-Line Electronic Tax Filing Agreement Amendment - 2005](#)

[Free On-Line Electronic Tax Filing Agreement - 2002](#)

[Free File Memorandum of Understanding - 2009](#)

B. Basic Program Information

What is Free File?

Free File is a free federal income 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 software companies.

Eligible taxpayers may prepare and file their federal income tax returns using commercial online software provided by the Free File Alliance companies - not the IRS and must be accessed through IRS.gov.

Who is eligible for Free File?

IRS Free File is only available to taxpayers who have a 2010 Adjusted Gross Income (AGI) of \$58,000 or less. Each participating software company sets its own eligibility requirements and not all taxpayers will qualify for all companies. Individual company offers may be limited to AGI, geographic location, specific states and include other criteria. Carefully review the Free File offer criteria before selecting the company.

Use the [“Help Me Find a Company”](#) tool to assist you in selecting a company that is right for you.

Is the program really free?

IRS Free File is free, through a partnership with the Free File Alliance, for qualifying taxpayers to prepare and electronically file their federal income taxes.

Taxpayers must enter through the IRS.gov Free File pages. By going directly to a company's website and not through the IRS.gov, you may be charged a fee. While fees may apply to state return preparation and e-filing, some companies offer state return services for free.

You are under no obligation to buy any of the company's other products or services.

Why is there an Adjusted Gross Income (AGI) limitation?

The IRS Restructuring and Reform Act of 1998 (RRA 98) directs the IRS to cooperate with and encourage the private sector to increase e-filing. To assist low and middle-income taxpayers, who are traditionally underserved by the electronic filing community, we partnered with the Free File Alliance (Alliance). This coalition of tax preparation software manufacturers offers free electronic filing services to qualifying taxpayers under the Free File program.

As part of the agreement between the IRS and the Alliance, the Alliance agreed to cover 70 percent of the taxpayers who file Form 1040 based on the AGIs shown on the return. Each year, we analyze the tax returns filed during previous years and starting with returns that have AGIs of \$0 or less, we increase the AGI level until we reach the 70 percent threshold. For tax year 2009, we calculated the AGI threshold at \$57,000, which covers roughly 99 million taxpayers. Based on this agreement the Free File providers cannot offer any free services to taxpayers with AGIs above this amount through the Free File program.

If I'm filing jointly, with my spouse, does the Adjusted Gross Income limitation apply to both my spouse and me separately or combined?

If you are filing using the Married Filing Jointly filing status, the \$58,000 Adjusted Gross Income (AGI) limitation applies to the AGI for the both of you combined. This AGI will appear on your return based on how you file.

What happens if I don't qualify for Free File or I find that my Adjusted Gross Income is more than \$58,000?

If your Adjusted Gross Income exceeds \$58,000, then you will not be eligible to file your federal taxes online for free. In this case, you may continue completing your return, but you will be charged a fee for preparation.

If you are not eligible for the company's free service, return to the Free File home page to review a list of companies or use the [Help Me Find a Company](#) tool to help you find a company you may qualify for.

Can I use Free File if I do not have a Social Security Number (SSN), but I do have and Individual Taxpayer Identification Number (ITIN)?

Yes, you can use Free File to prepare and e-file your tax return, if you do not have a SSN, but have an [ITIN](#). Some companies offer this service through their Free File software programs located at the Free File home page.

For more details, go to the information for [Individual Taxpayer Identification Number page](#).

I used Free File last year, do I have to go through IRS.gov or can I go directly to the Free File company's website?

The only way taxpayers can access the authentic IRS Free File program is through the IRS website. That includes both new and repeat users. Otherwise, the e-file provider might charge you a fee. Also, typing www.irs.gov in your browser is the only way to ensure you are accessing the legitimate IRS Free File Program.

Why can't I just use any Free File company?

The Free File program covers 70 percent of the U.S. taxpayers. In order to promote competition and availability of all of the companies, no single company is allowed to offer their services to more than 50 percent of U.S. taxpayers. In order to do this, each company prepares an "offering" and may limit their offer based on any one or more specific criteria including:

- **Age** (Primary taxpayer and spouse) - Use your age as of Dec. 31, 2010.
- **Adjusted Gross Income (AGI)** - AGI is defined as gross income minus adjustments to income. We suggest you refer to your 2009 federal income tax return to get a quick estimate of your 2010 AGI. On your 2009 federal tax return, please refer to:
 - o Line 4 if you filed a [Form 1040EZ](#)
 - o Line 21 if you filed a [Form 1040A](#)
 - o Line 37 if you filed a [Form 1040](#)

Important Reminder: If your filing status was single on your 2009 tax return and you plan to file a joint return for 2010, then make sure to add your spouse's 2009 AGI to yours when estimating your 2010 AGI.

For more details, see the [Instructions for Form 1040](#) or you may want to refer to the [Form 1040](#).

- **Geographic Location** – Your state of residence on Dec.31, 2010.

- **Eligibility for the Earned Income Tax Credit (EITC)** - The EITC is a tax credit for certain people who work and have earned income in tax year 2010 under \$48,362. Taxpayers may qualify for EIC depending on their filing status, age, number of children, relationship if their TY 2010 AGI is less than \$48,362. Taxpayers regardless of any other criteria do not qualify for EIC if their TY 2010 AGI is \$48,362 or higher. The [EITC Assistant](#) is a convenient way for you to find out if you are likely to qualify for the EITC tax credit by answering questions online, about yourself, your children, your living situation and your income.
- **Military Status** - Any armed forces, federal reservist and National Guard personnel whose AGI is \$58,000 or less are eligible for Free Filing. Veterans and retirees are not automatically eligible. You or your spouse must have a 2010 Form W2, Wage and Tax Statement from one of the military services.

Additional Information:

[Form 1040](#)

[Form 1040A](#)

[Form 1040EZ](#)

[Instructions for Form 1040](#)

[The EITC Assistant](#)

What is the "Help Me Find A Company" button?

As an alternative to reading each of the companies Free File offers, the IRS has developed a "[Help Me Find a Company](#)" tool to help you narrow down the list of companies that fit your individual needs. You will be provided a short list of questions and then with a list of companies that offer free tax preparation and e-filing based on your specific answers to those questions.

Do I have to download software?

There is no download required. You initiate IRS Free File through IRS.gov and all software remains at the Free File company's website. Additionally, the companies' websites are equipped with the latest encryption program to safeguard your information.

If I bought tax preparation software at the store, may I use Free File to file it for free?

Online returns must be prepared and filed through the Free File companies' websites located at IRS.gov.

Name brand software programs cannot be used in conjunction with the Free File program.

How do I file my Form 5405, First-Time Homebuyer Credit?

If you claim the [first-time homebuyer credit](#) on your 2010 tax return, [Form 5405](#) cannot be electronically filed. You must file a paper return instead and attach the settlement sheets showing that the home sale closed.

Home bought in 2008. If you claimed the credit for a home you bought in 2008, you generally must begin repaying it on your 2010 return. In addition, you generally must repay any credit you claimed for a home you bought in 2008 if you sold the home in 2010 or the home stopped being your main home in 2010. However, you do not have to repay the credit if one of the exceptions to the repayment rule applies.

How to take the credit. To take the credit, complete Form 5405 and attach it to your Form 1040. Enter your credit on Form 1040, line 67.

How to repay the credit. If you are required to repay the credit, complete Parts III and IV of Form 5405. Attach the form to your Form 1040. Include the repayment on Form 1040, line 59, and check box c.

C. Customer Service and Troubleshooting

Where do I go for customer service assistance or whom may I contact if I am having difficulty navigating the Free File Alliance company website?

If you are having difficulty navigating the Free File Alliance company website or if you think there is an error in the preparation of my return, check the Free File Alliance company's website for customer service options such as online assistance, or an e-mail address for technical and/or tax law assistance. Free File Alliance companies are required to display their customer service options. The companies offer free e-mail support to answer your questions. Specific questions about your individual income tax return submission should be directed to the tax software company that is offering you the service.

We encourage you to continue working with the Free File Alliance companies to resolve any ongoing issues related to the individual company's website or program. If you are not able to resolve your issue with the Free File Alliance company or program, you may wish to try another Free File Alliance company's service. If you cannot resolve the issue through the Free File company or you have a technical question about the IRS.gov Free File site, need assistance getting around the site or wish to report a Free File issue, please e-mail us at the [IRS Web Site Help Desk](#)

What if I need assistance with general tax law?

For assistance in answering your general federal income tax law questions, please refer to the link [Help with Tax Questions](#). Use this link to ask the IRS a general tax law question related to filing tax returns --such as what to file, when to file, where to file, whom you can claim, what you can deduct, changes in tax law, etc. This site was created to answer general tax questions.

What may I do if I am experiencing difficulties accessing a Free File company from the IRS.gov website?

This problem may be due to your Internet Service Provider, your Internet Security software and/or your employer's IT Department blocking expected information in the web request from your browser. This information is necessary to protect both you and the IRS.gov systems from improper use such as phishing attempts, browser hijacking and other security threats.

You may also check your browser settings, check with your Internet Service Provider or check with your IT Department to look into why key information is being blocked from your browser to the IRS.gov systems. Unfortunately, due to the many differences between internet browsers and individual computer configurations, we are unable to suggest internet settings or configurations for you.

You may also want to try selecting another company or use another computer or another browser program.

Note: Right clicking on the link and selecting the appropriate option to copy the address, then, pasting the web address directly into your browser's address field to access the page directly may cause you not to be qualified for receiving a free service. Companies require taxpayers to come through IRS.gov in order to obtain free services.

What if I want to report a technical issue about the Free File program to the IRS?

We encourage you to continue working with the Free File Alliance companies to resolve any ongoing issues related to an individual company's website or program.

If you cannot resolve the issue through the Free File company or you have a technical question about the IRS.gov Free File site, need assistance getting around the site or wish to report a Free File issue, please call us at the 800-829-1040.

D. Electronic Signatures

Why do I have to use the Self-Select Pin?

The [self-select PIN](#) is a paperless process using electronic signatures. This method allows you to sign electronically your e-filed return by selecting a five-digit PIN. The five-digit PIN can be any five numbers except all zeros and eliminates the requirement for mailing to the IRS, the Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return. Free File will no longer support the Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS Online e-file Return. When the self-select PIN is chosen, no signature documents are required to be mailed to the IRS making the process truly paperless.

What is the Electronic Filing Personal Identification Number (PIN)?

The electronic filing PIN is a number issued by the IRS to authenticate your information. You only need an electronic filing PIN if you do not have your prior year adjusted gross income or a prior year PIN.

You can obtain an electronic filing PIN at the [Electronic Filing PIN - Help](#) page or by calling 1-866-704-7388.

Am I eligible to receive an Electronic Filing Personal Identification Number?

You are eligible if, you do not have prior year Adjusted Gross Income or Self-Select PIN and e-filed a Form 1040, Form 1040A, Form 1040EZ, or Form 1040-SS (PR) in 2009 that was processed by Dec. 10, 2010.

How do I get an Electronic Filing PIN (EFP)?

To get an EFP, go to the [Electronic Filing PIN - Help](#) page or by accessing the touch-tone self-service system at 1-866-704-7388. You will need to provide the following information.

- Your Social Security Number (or Individual Taxpayer Identification Number)
- Your First and Last Name
- Your Date of Birth
- Your Filing Status
- Your complete mailing address (as it appeared on your 2009 tax return)

Once an EFP has been obtained, you will be able to electronically sign your 2010 tax returns along with three additional forms: Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, and Form 2350, Application for Extension of Time to File U.S. Income Tax Return, or Form 9465, Installment Agreement Request.

How do I sign my return electronically?

When you e-file, you may sign your federal income tax return by using an electronic Personal Identification Number. The IRS must authenticate the five-digit pin, which you choose yourself. You will also need your adjusted gross income from your 2009 tax return.

If I have a problem signing my return using a Self-Select Personal Identification Number (PIN), what should I do?

If you are getting an error due to your prior year adjusted gross income amount or prior year PIN, you may use an Electronic Filing PIN. To get an Electronic Filing PIN go to the [Electronic Filing PIN - Help](#) page or call 1-866-704-7388.

View the [Self-Select PIN](#) page for additional assistance.

E. Error Messages

When I use my "back" button, I get a message that states, "browser configuration required." What do I do?

Due to security precautions, your back button may not work when going between a Free File company website and the Free File landing page. To return to the Free File landing page, use the "Return to IRS.gov" link at the Free File company's landing page.

When I use the "Guide Me To A Company!" program I get a 404 Error message (Page cannot be found). What does this mean?

Unfortunately, this is a fatal error. Some browser security configurations are not compatible with the "Guide Me To A Company!" program. Try selecting the company from the list provided on the Free File landing page. In most instances, this will eliminate this error. On rare occasions, this 404 Error Message occurs when using the list of companies as well. If this occurs, try selecting a different company or using another computer. IRS does not suggest changing or altering any security settings on your browser.

F. Filing Spanish Returns

Is Free File available in Spanish?

Yes. For more information, you may view the [Versión en Español](#) page.

Additional Information:

[IRS.gov Versión en Español Free File page](#)

G. Making Payments

If I owe money on my return, is there a fee to pay my taxes?

This will depend on how you choose to pay the balance due. Some services such as direct debit from your bank account and paying by check are free. You may also pay by money order or electronically through a major credit card company and electronic payment provider, which may require a fee.

An electronic fund withdrawal can be authorized using a credit card or enroll in the U.S. Treasury's [Electronic Federal Tax Payment System](#) (EFTPS). Fees may apply.

Additional Information:

[Electronic Federal Tax Payment System \(EFTPS\) Web page](#)

H. Other Questions and Answers

Is this Internet filing?

Yes. The free services are provided via the Internet. Taxpayers enter data and calculations are performed online. Completed tax returns will be sent electronically from the company to the IRS through the existing e-file system using secure technologies. An acknowledgment file, notifying the taxpayer the return has been accepted or rejected will be sent via e-mail from the Free File Alliance company.

What are the benefits of using Free File?

- Using Free File is fast, easy, and safe. Other Free File benefits include:
- Services that are available 24 hours a day, seven days a week;
- Faster refunds by e-filing;
- A paperless process using electronic signatures by using the [Self-Select PIN](#);
- Software programs that are constantly updated to give you the most up-to-date information to complete your return accurately;
- Acknowledgement of return receipt; and
- Variety of free services to choose from.

Can I use Free File if I need to file an extension?

Yes, you may use Free File if you file for an extension. Many of the companies offer extensions for free. You may e-file your extension using Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

File Form 4868 by **April 18, 2011**.

Can I use Free File without a computer?

No. Free File is an electronic program that uses the Internet. If you don't have access to a computer at home or work, consider using a computer at your local library, college/university library or senior community center. The IRS continues to work with existing community-based coalitions to expand computer access to taxpayers without home computers.

The IRS also supports many volunteers during the filing season through [Volunteer Income Tax Assistance \(VITA\)](#) and [Tax Counseling for the Elderly \(TCE\)](#).

How do I file my Form 5405, First-Time Homebuyer Credit?

If you claim the [first-time homebuyer credit](#) on your 2010 tax return, [Form 5405](#) cannot be electronically filed. You must file a paper return instead and attach the settlement sheets showing that the home sale closed.

Home bought in 2008. If you claimed the credit for a home you bought in 2008, you generally must begin repaying it on your 2010 return. In addition, you generally must repay any credit you claimed for a home you bought in 2008 if you sold the home in

2010 or the home stopped being your main home in 2010. However, you do not have to repay the credit if one of the exceptions to the repayment rule applies.

How to take the credit. To take the credit, complete Form 5405 and attach it to your Form 1040. Enter your credit on Form 1040, line 67.

How to repay the credit. If you are required to repay the credit, complete Parts III and IV of Form 5405. Attach the form to your Form 1040. Include the repayment on Form 1040, line 59, and check box c.

I. Refund

Where is my refund?

You filed your tax return and you're expecting a refund. You have just one question and you want the answer now - Where's My Refund? If it has been more than three weeks since the IRS accepted your electronic return and you have not received your refund, go to the IRS.gov Web site and access the online tool: ["Where is My Refund?"](#).

Additional Information:

["Where is My Refund?"](#)

J. Security

Does Free File use secure technologies?

Yes, Free File uses secure technologies. The IRS approves the Free File companies' proprietary software. All Free File companies obtain third-party privacy and security certificates. Taxpayers enter tax information in a secure session and the Free File companies transmit tax returns using secure technologies. Taxpayers will receive an email from the Free File company stating whether the return has been accepted or rejected by the IRS.

In addition, the Free File tax software companies must comply with all federal rules governing e-filing and regulations covering taxpayer privacy. The companies may not disclose or use tax return information for purposes other than tax return preparation without the knowing, informed and voluntary consent of the taxpayer. These companies are also subject to the Federal Trade Commission Privacy and Safeguards Rules.

If taxpayers choose to use the ["Guide Me To A Company!"](#) tool at IRS.gov to help find a Free File company, information will remain entirely anonymous and will not be retained by the IRS.

What information will the IRS collect or retain on me using Free File?

The information you provide through the ["Guide Me To A Company!"](#) button is only used to determine the free services for which you may qualify. The information is entirely anonymous and will not be retained or used for any determination of tax liability. IRS

policy prohibits the use of permanent Internet cookies. In order to assist you or to identify you to make certain you are the correct recipient of information you requested, we may use "temporary" or "session" cookies. These are deleted when your Internet visit ends. No information about you is maintained as a result of a temporary or session cookie.

Can a Free File company share my information with anybody besides the IRS?

No. As part of the agreement, the Free File Alliance companies must adhere to the strict privacy standards of the IRS. Only with your permission and in accordance with Treasury regulations may the company disclose your tax return information.

K. State Return Information

Can I also file my state return for free?

Some participating Free File Alliance companies do offer free state tax return preparation and e-filing services. Check the company's Free File home page to learn if your state offers free state income tax return preparation and e-filing services.

Will all companies offer preparation and e-filing services for my state income tax return?

No. While some companies that you select to prepare your federal return may support your state income tax return, some may not. Before you select a company, you may want to use the ["Guide Me To A Company!"](#) tool found at the Free File home page to determine which companies offer state tax preparation and e-filing services for your state.

Before starting your federal return preparation, you may also want to review the company's Free File website to verify whether the company supports your state income tax return. Look for the state link at the company's website. Some companies may include information letting you know that your state tax return will be available soon. You may want to check the company's website to see which states support non-resident state income tax forms and part-year state income tax forms. If you have any questions or want the latest information about available state tax forms for your state, check the company's website or contact the company for more information.

AK, FL, NV, NH, SD, TN, TX, WA and WY do not have a state income tax return filing requirements for reporting W2 wage income. Two of the states, NH and TN, however require taxpayers to file returns for individual interest and dividend income.