Welcome to the...

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Press Kit

Here you will find an overview of all the products and services offered by Electronic IRS, including the popular e-file method for preparing and submitting income tax returns.

Just click the tabs at the top of each page or simply scroll to the next page for more. To begin, **Click Here.**

Purpose of Electronic IRS

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About the Electronic IRS — Portal to Everything Electronic

The purpose of the Electronic IRS is to provide a central source for all the many online transactions that can be accomplished electronically with the Internal Revenue Service (IRS), whether by individual taxpayers, tax professionals, businesses or others. Over the years, the usage rate of services provided by Electronic IRS has grown tremendously.

For example:

- For the first time in 2006, a majority (52 percent) of individual taxpayers (68.5 million) filed their tax returns electronically. That number grew to almost 60 percent (80 million) in 2007.

- In 2007, more than 4.7 million business returns were filed electronically.

- More than 1.4 million taxpayers enrolled in the IRS' Electronic Federal Tax Payment System (EFTPS) in 2007, bringing the total number of taxpayers enrolled to pay their federal taxes online or by phone to 8 million.

- Also in 2007, 2.4 million payments were made by credit card. And 1.5 million tax payments were made via electronic funds withdrawal.

Whether looking for a tax preparer, completing a form, enrolling in a service or checking on a refund, taxpayers can do more through the Electronic IRS. The IRS is working to increase the number of electronic options for all its customers. The goal is to provide easier access and give taxpayers the ability to do more transactions online. Through its modernization efforts and new online product development, the IRS is on its way to providing an all-electronic IRS that taxpayers will find very valuable.

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History of e-filing

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About Filing Electronically

Filing taxes electronically (**IRS** *e-file*) has quickly become the Electronic IRS' most used service. This option for filing individual and business tax returns offers many benefits to users:

- *e-file* is more accurate than paper filing and it has an error rate of less than 1 percent, thereby reducing the possibility that taxpayers will receive further communication from the IRS.

- *e-file* is secure.

- *e-file* offers the option of Direct Deposit, so taxpayers can get their refunds in half the time of paper filing.

- *e-file* offers the convenience of filing tax returns early and delaying payment as late as April 15th.

- In most states, taxpayers can file federal and state returns at the same time.

E-filing individual income tax returns began in 1986. That year, 25,000 individual returns were e-filed to the IRS.

The Restructuring and Reform Act of 1998 stated that the IRS should set goals to have a minimum of 80 percent of all federal tax and information returns filed electronically by 2007. That's because in addition to the benefits mentioned above, electronically filing reduces government costs.

After almost two decades of incorporating technological advancements into its electronic filing programs, the IRS received more than 80 million e-filed individual income tax returns in 2007 or almost 60 percent of all returns received. Total individual electronically filed returns have had solid growth in recent years, with an annual average growth rate of over 12.8% percent in the past five years.

Today, almost all forms associated with a tax or information return for individuals, businesses and tax-exempt organizations can be filed and paid electronically, thereby saving paper as it eliminates the need to send hard copies to the IRS.

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About Free File

All the Benefits of e-filing…for Free

Most Americans can e-file at no cost through a program called "Free File." Developed in 2003 through a partnership between the IRS and the Free File Alliance, a group of private-sector tax preparation companies, Free File allows free electronic tax preparation and filing for eligible taxpayers. For the 2008 filing season, 95 million individual taxpayers will be able to use Free File. To qualify, taxpayers must have an adjusted gross income of $54,000 or less.

The program is accessible only through **www.irs.gov**. Both new and repeat users must access Free File through this website.

Some companies offer their Free File software in Spanish, in addition to English. Some also offer other free services, such as filing extensions, state income tax preparation and e-filing services. Also, taxpayers who are eligible for the Earned Income Tax Credit (EITC) can use Free File to claim it.

e-file Benefits for Taxpayers

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Why Taxpayers Should *e-file*

In 2007, more than 80 million taxpayers filed their returns electronically. The IRS received approximately 136 million tax returns, and of that, almost 60 percent were filed electronically, making *e-file* the most popular way to file a federal tax return.

Taxpayers can e-file through a tax professional or by using a software program and Internet connection on their personal computer. If they make $54,000 or less a year in adjusted gross income, they may qualify to electronically prepare and file their tax returns at no cost using Free File.

There are many advantages to e-filing. First, because the return is transmitted electronically, it's the fastest way to get a tax return to the IRS for processing. If taxpayers are due a refund, they can receive it in half the time than by submitting a paper return. Using Direct Deposit, a refund can be deposited directly into a taxpayer's bank account in as little as 10 days.

In addition, e-filing gives taxpayers fast reassurance that their information was safely received by the IRS. When taxpayers use *e-file*, they will receive an email acknowledging receipt of the tax return within 48 hours of its submission.

For taxpayers who may owe money, they can e-file at anytime and delay payment up to April 15th.

Introduction

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What Taxpayers Can Find on **www.irs.gov**

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Electronic IRS Offers More Than Just *e-file*

Beyond finding information on how to file electronically, the Electronic IRS is a gateway to all the IRS electronic options available to taxpayers. On the **www.irs.gov** website, taxpayers can:

- Check on their refund with "Where's My Refund?"

- Find an Authorized *e-file* Provider (tax professional)

- Obtain copies of tax returns

- Complete the Earned Income Tax Credit (EITC) eligibility

- Calculate their appropriate withholding

- Obtain or complete online forms and publications

- Sign up for paying taxes electronically

- Obtain an Employer Identification Number (EIN) online

- And more

Self-Prepared, Computer Returns

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How *e-file* Works

After an electronic return is prepared and submitted via a computer modem, an electronic return transmitter converts the file to a format that meets IRS specifications, and transmits it to the IRS.

The IRS then checks the return and notifies the transmitter (who then informs the taxpayer) whether the return has been accepted or rejected. The acknowledgment message received from the return transmitter will include the taxpayer's mailing address.

If the return is not accepted by the IRS, the transmitter will provide the taxpayer with customer support to correct the return and resubmit it. Taxpayers who choose not to use a self-selected PIN as their signature or who have certain paper forms to submit, will need to mail in a paper signature document.

Using Tax Preparers

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Tax Professionals Can Also e-file Your Returns

Many taxpayers use a tax preparer to submit their returns. Tax professionals who are accepted into the electronic filing program are called "Authorized **IRS** *e-file* Providers."

After taxpayers approve and sign their electronic tax returns (by using a self-selected PIN or by signing IRS Form 8453), the preparer transmits it to the IRS or a third-party transmitter who then forwards the entire electronic record to the IRS for processing.

Once received by the IRS, the return is automatically checked by computers for errors and missing information. If it cannot be processed, it is sent back to the transmitter for resolution. After correction, the transmitter resends the return. Within 48 hours, the IRS sends an acknowledgment to the transmitter stating the return was accepted for processing. This is proof of filing and assurance that the IRS has the taxpayer return information.

Taxpayers due a refund can expect to receive it approximately three weeks from the acknowledgment date. However, they can get their refund faster with Direct Deposit (in as little as 10 days).

Taxpayers who owe money can prepare and file their return electronically any time during the filing season; however, sending the payment for a balance due by the tax due date, i.e., April 15, 2008, is still the taxpayer's responsibility. So taxpayers can "file now, pay later."

Taxpayers may pay the balance due to the IRS by direct debit (automatic withdrawal) directly from their bank, by credit card or by check. Taxpayers who make subsequent quarterly estimated tax payments may also enroll in the Electronic Federal Tax Payment System (EFTPS) to make those payments online or by phone in the future.

If you use a tax preparer, be sure to talk to your preparer and request *e-file*.

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Paying Electronically

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Three Easy Ways to Pay

If taxpayers owe the IRS, they have three options for making their payment electronically:

1. They can *e-file* any time during the tax season and delay payment through automated bank account withdrawal (EFW) until the tax due date.

2. Taxpayers can pay by credit card.

3. Taxpayers can enroll in the Department of Treasury's Electronic Federal Tax Payment System (EFTPS) (**www.eftps.gov**) to make any subsequent 1040ES estimated quarterly tax payments. EFTPS allows taxpayers to pay by Internet or phone.

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e-file Benefits for Tax Professionals

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Through enhancements to its products and website, the IRS is making it easier than ever for tax professionals to take care of clients' taxes electronically. Almost all IRS forms can now be filed and paid electronically for individuals, businesses and tax-exempt organizations.

But there's more to the Electronic IRS for preparers than just information about *e-file*. The number of electronic options is increasing every year, helping to reduce the tax professional's time and improve the timeliness and accuracy of tax returns.

Tax professionals can use Electronic IRS as a gateway to:

- Register to use e-Services

- Apply to become an Authorized *e-file* Provider

- Obtain an EIN via the Internet EIN program

- Submit information returns through the FIRE program

- Get free EFTPS Batch Provider Software to make multiple client tax payments from their own computer

- Review current and past IRS documents in the Electronic Reading Room

- Access phone representatives through e-Help Services

- Subscribe to a variety of electronic alerts and newsletters

- Check on client refunds

- Participate in monthly Tax Talk webcasts

- And more

Tax professionals can register for e-Services at **www.irs.gov/efile**, click on the Tax Professionals page, and then e-Services.

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Why Tax Professionals Should e-file

More and more tax professionals (and their clients) are seeing the significant benefits of using IRS electronic services. In 2007, authorized providers e-filed 55.7 million returns, up 8.2 percent from the previous year.

By becoming an Authorized *e-file* Provider and transmitting tax returns directly to the IRS or through a third-party transmitter, tax professionals offer their clients a valuable service and reduce IRS problems in the long run. In addition, taxpayers receive their refunds faster (especially if they choose Direct Deposit) and fewer errors are encountered in processing their returns.

Also, if a follow-up with the IRS is needed or if problems have to be resolved, tax professionals have access to information in seconds, rather than days or weeks. This is not only a benefit to the preparer, but also to the taxpayer who appreciates having issues resolved much more quickly.

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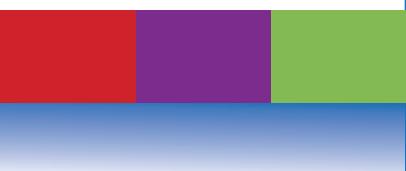## e-Services Available on **www.irs.gov**

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The IRS provides tax professionals with a full suite of web-based e-services available at **www.irs.gov**. Improvements to and expansion of these e-services are offered every year, so preparers are encouraged to visit the site often.

These e-services are designed to help tax professionals handle the major components of tax preparation and filing, while improving the speed with which the IRS responds. Some of these services are:

- **Registration**: Any tax professionals who wish to use the e-services products must first register. Once registered, they will receive a confirmation code via mail within 10-14 days to their home address. Next, they will login to e-services, confirm the registration and begin using the services.

- ***e-file* Application**: The online e-file Application replaces the paper process for submitting Form 8633, "Application to Participate in the IRS e-file Program." In this way, applications can be maintained and updated electronically. Also, a new "delegation of authority" feature allows principals or responsible officials of the firm or organization to delegate e-services products to their employees.

- **Preparer Tax Identification Number (PTIN)**: Tax professionals may choose to use a PTIN instead of displaying their own Social Security Number on returns they prepare for clients. The PTIN application allows a preparer to apply for and receive a PTIN online. They also have the option of looking up a forgotten PTIN and can request that a PTIN card be sent to them. This process previously took weeks to complete, but can now be done in seconds.

- **Taxpayer Identification Number Matching (TIN Matching)**: TIN Matching is used to match taxpayers' identification numbers with the IRS database. It is limited to payers who file any of the following six information returns that are subject to back-up withholding: 1099-B, INT (Interest), DIV (Dividend), PATR (Patronage), OID (Original Issue Discount), MISC (Miscellaneous). In order to participate in TIN Matching, payers must be listed in the IRS Payer Account File (PAF) database.

Incentive Programs

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Beyond these basic e-services, tax professionals who are active participants in the IRS *e-file* program and electronically file more than five individual or business tax returns in a season are eligible to use the following incentive programs:

- **Disclosure Authorization (DA)**: Allows third parties to electronically submit Form 2848, "Power of Attorney (POA)," and Form 8821, "Tax Information Authorization." Tax professionals will receive immediate verification that the POA has posted to the IRS Centralized Authorization File and they can begin using other incentive products. However, they must have a signed POA in their business files prior to submitting the form electronically. Tax professionals can also view all previous authorizations on file and update the information online.

- **Transcript Delivery System (TDS)**: Enables authorized practitioners to request tax transcripts and account information on their clients' accounts.

- **Electronic Accounts Resolution (EAR)**: Enables the authorized third party to submit an account-related inquiry electronically to the IRS, 24 hours a day, seven days a week. The biggest advantage to using EAR is that the inquiry will remain with the same IRS Customer Service Representative from beginning to end.

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Other Taxpayer Groups

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Businesses and other interested parties can find a wealth of information about available electronic services at **www.irs.gov**, including those related to e-filing. Some of these services, listed by type of group, are shown below.

Large Businesses

- Learn if they are required to file electronically
- Find an Authorized e-file Provider
- Sign up to pay electronically
- File W-2s electronically
- Enroll in the Department of Treasury's Electronic Federal Tax Payment System (EFTPS) to make Federal Tax Deposits

Small Businesses

- Obtain an Employer Identification Number (EIN) online
- Sign up to pay electronically
- Find an Authorized *e-file* Provider
- File W-2s electronically
- Enroll in EFTPS to make Federal Tax Deposits

Software Companies

- Obtain specifications for integrating electronic services
- Register to receive electronic alerts
- Review requirements for electronic filing and paying software
- Download schema, guidelines, sample files and test cases for electronic filing

Tax-Exempt Organizations

- Learn if they are required to file electronically
- Find an Authorized *e-file* Provider
- Download forms and publications
- Subscribe to an email newsletter
- Check whether an organization is eligible to receive deductible charitable contributions
- File W-2s electronically

Fast Facts

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FACT ... The IRS processed more than 89 million tax returns electronically in 2007.

FACT ... In 2007, more than 80 million individual taxpayers (or almost 60 percent of the U.S. population) e-filed.

FACT ... More than 9.5 million business returns were filed electronically in 2007.

FACT ... 120,000 tax professionals use IRS e-Services, a web-based suite of services to help prepare, research and submit tax returns electronically.

FACT ... More than 1.4 million taxpayers enrolled in the IRS Electronic Federal Tax Payment System (EFTPS) in fiscal year 2007.

FACT ... IRS received 3.4 million credit card payments in 2007.

FACT ... During 2007, 61.4 million refunds were directly deposited.

FACT ... In 2007, the average Direct Deposit refund was $2,698.

FACT ... 1.5 million tax payments were made via electronic funds withdrawal from bank accounts in 2007.

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Questions and Answers . . . About Electronic IRS

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Q: What is Electronic IRS?

A: Electronic IRS is the centralized source for finding all the electronic options available on **www.irs.gov**. On the home page of the IRS web site, click on the Electronic IRS logo to be taken to a page with an overview of all the electronic tasks that can be accomplished online.

Q: What kinds of things can I do online as a taxpayer?

A: Beyond preparing and filing taxes electronically, the IRS offers taxpayers substantially more through the Internet. For example, taxpayers can:

- Check on their refund with "Where's My Refund?"
- Find an Authorized *e-file* Provider
- Obtain copies of tax returns
- Calculate the appropriate withholding
- Complete Estimated Income Tax Credit (EITC) eligibility
- Obtain or complete online forms and publications
- Sign up for paying taxes electronically
- Obtain an Employer Identification Number (EIN) online
- And more

Q: What kinds of things can I do online as a tax professional?

A: Through the Electronic IRS, tax professionals can complete a variety of tax functions. They can:

- Register for e-services to access the many online IRS tools
- Apply online to become an Authorized *e-file* Provider
- Obtain a Preparer Tax Identification Number (PTIN)
- Match Taxpayer Identification Numbers with the IRS database
- Submit Disclosure Authorization forms electronically
- Obtain tax transcripts electronically
- Submit electronic inquiries regarding taxpayer problems
- And more

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Questions and Answers . . . About IRS *e-file*

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Q: What is *e-file*?

A: IRS *e-file* is the program that allows taxpayers and tax preparers to send federal and most state tax returns electronically through software programs or online. Software programs are available for purchase in stores, through online companies and with most tax preparers.

To e-file, tax return information is entered into the computer program, checked for completeness and then transmitted electronically to the IRS via modem, broadband and Internet connection.

Q: Is there a charge to *e-file*?

A: The IRS does not charge a fee to file electronically. However, many software providers and tax preparers do charge a fee for processing returns electronically.

Q: What are the benefits of using *e-file*?

A: IRS *e-file* has quickly become the most used option for filing individual and business tax returns, as it offers so many more benefits than filing with a paper return:

- *e-file* is more accurate than paper filing and has an error rate of less than 1 percent, thereby reducing the possibility that taxpayers will receive an error letter from the IRS.

- *e-file* offers the option of Direct Deposit so refunds come in as little as 10 days.

- *e-file* offers the convenience of filing tax returns early and delaying payment up until the due date.

- *e-file* allows federal and state returns (for most states) to be filed at the same time.

- *e-file* acknowledges receipt of the tax return by email within 48 hours of submission

- *e-file* saves paper.

- *e-file* is safe and secure.

- *e-file* is easy to use.

Q: I prepare my taxes using tax preparation software. Then I print the forms and mail them to the IRS. Do I get the same benefits as someone who submits their return electronically?

A: No. Forms that are electronically prepared, but then printed and mailed, are treated the same as forms prepared by hand. The IRS must re-key the information, which may increase the chance for transcription errors. Also, it takes weeks longer for the IRS to contact paper filers about errors or provide a tax refund.

Q: If I e-file do I need to submit Forms W-2, W-2G, W-2GU and Form 1099-R to the IRS?

A: No, the requirement to attach Forms W-2, W-2G, W-2GU and Form 1099-R has been eliminated for an e-filed return.

However, taxpayers should keep records of these attachments with a copy of their tax return.

Q: Why are forms more accurate when they are e-filed?

A: There are several reasons:

- Electronically submitted forms are automatically checked by the IRS. If there is an error or missing information, the IRS will send back the form and allow the taxpayer or tax preparer to make the changes and resubmit the form.

- Data can be saved from year to year, dramatically reducing the chance of transcription errors.

- Data goes into the IRS system exactly as it was submitted. No re-keying of information is necessary.

- Most tax software detects math errors and other common mistakes before the return is filed. The IRS does additional checks as well on e-filed returns.

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Questions and Answers . . . About IRS *e-file*

Q: Is there a greater chance that e-filers will be audited?

A: No. There is no greater chance of being audited if taxpayers e-file.

Q: Why do refunds come more quickly with IRS *e-file*?

A: Because data goes directly into the system, it speeds up the processing
time for each tax return. And if taxpayers elect to have their refunds
deposited directly into their bank accounts, the time it takes to receive
a refund is dramatically decreased from weeks to as little as 10 days.

Q: How can I pay electronically if I owe?

A: If there is a balance due on the tax return, taxpayers can still file
electronically through *e-file* and then schedule a payment for the tax
due date. Payments can be made via automated withdrawal from a
checking account, by credit card or by enrolling in the Treasury's free
Electronic Federal Tax Payment System (EFTPS) to make the balance due
payment and any subsequent estimated tax payments electronically (by
phone or online).

Q: Which tax preparers can e-file taxes on behalf of clients?

A: Tens of thousands of tax preparers nationwide are "Authorized *e-file*
Providers." Taxpayers can check with their tax preparer or visit Electronic IRS
at **www.irs.gov** to find one in their area.

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Press Releases/Articles

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Inroduction to Free File

For the sixth straight year, eligible taxpayers can use Free File to prepare and file their federal income tax returns electronically without charges. There are no hidden fees. This program was developed by the Internal Revenue Service (IRS) in partnership with the Free File Alliance LLC, a group of industry leading private-sector tax preparation companies.

Free File is available to everyone who earns $54,000 a year or less. That's 70 percent of all filers, roughly 97 million taxpayers. Free File is available 24 hours a day, seven days a week, beginning mid-January 2008. The program is available in both English and Spanish.

More than 19 million tax returns have been prepared and submitted through Free File since it debuted during the 2003 filing season.

To use Free File, individuals must first go to the IRS website, **www.irs.gov**, click on "Free File", then press the "Start Now" button and choose a tax preparation company from the list provided. (Free File is not available by going directly to a company's website.) Not all companies offer services to everyone. Filers should be sure to read the offer description to find which company best fits their needs. Once a company is selected, users click on the link to that company's website and begin preparing their return. Free File also has a "Guide Me to a Company" feature that will assist taxpayers in selecting a company that offers services tailored to their particular situation.

Although Free File is available only for federal income tax returns, some participating Free File Alliance companies also offer state tax return preparation and e-filing at no charge. Those services are noted in the Free File section of those companies' websites.

Facts

Free File is easy to use, safe and secure and delivers a fast refund, in as little as 10 days with Direct Deposit. This section describes Free File and where to find more information about the program.

Frequently Asked Questions

The FAQs section provides more in-depth answers to recurring questions that have been asked over about Free File.

Free File Fast Facts

Quick facts about Free File are available. They include a quick description of the program, benefits, eligibility criteria, statistics on Free File usage and where to find more information.

News Releases and PSAs

All news releases relevant to Free File will appear in this section. In addition, you will find radio public service announcements available for use and distribution.

Articles

The following articles are provided free of charge by the Free File program office of the Internal Revenue Service. The copy may be used in print and online media to help explain the Free File program.