

STRONG START FOR 15TH ELECTRONIC FILING SEASON

WASHINGTON -- The fifteenth year of electronic filing is off to a strong start, with the Internal Revenue Service receiving more than 739,000 e-filed tax returns this past weekend, a 27.7 percent increase over last year's opening weekend. It's also more than the 686,000 total received during the first three years of the program, when e-filing was limited to computer-filed returns in certain areas. Filing by computer has been nationwide since 1990; filing by phone, since 1996.

"We expect to receive 33.6 million e-filed returns this year," said Robert Barr, IRS Assistant Commissioner for Electronic Tax Administration. "With the total returns projected to be 127 million, that would mean one out of four taxpayers will e-file, and we're working to get the other three to join us."

IRS e-file offers a totally paperless experience, where taxpayers can sign and file their returns electronically, then either receive a refund or pay a balance due through an electronic transfer of funds to or from their bank accounts. Taxpayers may also charge federal taxes on a credit card, either by including the card information with a computer-filed return, or by calling in the charge to a credit card processor.

The IRS sent 33 million taxpayers special customer numbers to "sign" their e-filed returns. About 21.5 million TeleFile packages invited recipients with simple returns to file by phone. The other 11.5 million went to taxpayers who used a computer to do their own taxes last year, whether they filed a paper or electronic return.

The IRS has also chosen about 18,000 tax preparers to take part in a pilot that allows their clients to create their own five-digit identification numbers to use as electronic signatures, further cutting required paperwork. When this pilot began last year, the IRS received nearly half a million such returns with electronic signatures.

Taxpayers who file electronically do not have to mail W-2 wage statements to the IRS. Those "signing" with the designated customer number do not have to mail any signature documents.

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Any taxpayer expecting a refund may have the money deposited directly to a bank account, whether filing electronically or on paper. But for those who owe taxes, only e-filers can have the payment taken directly from a checking or savings account by authorizing a direct debit on a selected date. Thus, they can file early but have the payment occur as late as the tax deadline. This option, limited last year to computer filers, is also available for those filing by phone this year. There is no charge for this service.

Some computer filers will also have an option to include a credit card charge for taxes owed with their e-filing information. Tax preparation software from Intuit will allow users to charge a balance due to a Discover Card, and professional preparers using Orrtax software will be able to offer their clients the option of charging a balance due to an American Express, MasterCard or Discover Card account.

All taxpayers with a balance due -- regardless of how they file -- may charge taxes to one of these last three cards by calling 1-888-2PAY-TAX. This charge-by-phone service is also available for payments that a person chooses to make with a request for a filing extension, as well as for estimated tax payments for tax year 2000. The estimated tax option will become available on March 1.

The IRS does not set or collect any fees for credit card payments, but the private sector partners who provide the services may impose convenience fees. The taxpayer's credit card statement will list separately the tax payment to the U.S. Treasury and the convenience fee.

The "Electronic Services" section of the IRS Web site -- www.irs.gov -- has more information on features, options, and private sector partners for e-filing this year.

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