

ELECTRONIC TAX FILING STARTS TODAY

WASHINGTON -- The Internal Revenue Service announced that the electronic filing season for 1998 income tax returns started today. TeleFile, the file-by-phone system, opened its lines this morning. Filing by computer starts tomorrow.

“Our annual e-file volume has increased by 10 million over the past two years, to the point that one out of five taxpayers e-filed last season,” said Bob Barr, IRS Assistant Commissioner for Electronic Tax Administration. “We hope to sustain this momentum and possibly surpass our projection of 29.6 million returns in 1999.”

Taxpayers who received a TeleFile package from the IRS may call a toll-free number and complete their tax filing in about ten minutes. TeleFile users use the Customer Service Number from the package as their electronic signature, eliminating the need to send any paperwork to the IRS. Almost 6 million people used TeleFile last year.

More than 18.6 million taxpayers e-filed by computer last year, either through tax professionals or from their homes. The IRS has two pilot programs this year to eliminate the remaining paper documents for many e-filers. Participating taxpayers will not need to send any signature form or W-2 forms to the IRS.

In one pilot, about 8100 tax professionals will give their clients a chance to choose a personal identification number, which they will use as an electronic signature. In the other pilot, the IRS mailed e-file customer numbers (ECNs) to taxpayers who used a computer last year -- whether they sent their returns electronically or as a paper printout -- and invited them to use the ECN as a signature on an e-filed return.

Taxpayers may now extend their paperless e-filing experience by authorizing a bank account debit. Any person filing by computer may arrange for a withdrawal directly from a checking or savings account for the taxes owed. Many people already use such direct debits for mortgage, auto, or utility payments. Taxpayers may file early and have the debit occur as late as April 15. There are no fees for this service.

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Also for the first time, taxpayers may charge a balance due on a credit card. Those using Intuit tax preparation software to file from home will be able to use a Discover Card brand card for their balance due, starting Feb. 28. The payment information will be part of the electronic file they send. Others who e-filed by computer or phone may call toll-free to 1-888-2PAY-TAX and arrange payment of their 1998 taxes with a MasterCard, Discover, or American Express card. This pilot starts Jan. 15.

Private sector companies will process the credit card transactions and report the payment amounts -- but not the credit card numbers -- to the IRS. Users will pay convenience fees. The IRS is not involved in the setting or collection of such fees. The law allowing tax payments by credit card prohibited the government from paying fees to the credit card companies.

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