



News Release

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STRONG GROWTH IN COMPUTER RETURNS AND FEDERAL/STATE E-FILE

WASHINGTON – The Internal Revenue Service continues to receive more tax returns electronically, with especially big increases in taxpayers e-filing from their own computers – almost 4.8 million, up 40 percent over this time last year – and for those e-filing federal and state returns together – more than 11.5 million, up 20 percent.

“We’re seeing strong growth in e-filing this year, especially among taxpayers using their home computers,” said Terry Lutes, IRS Director for Electronic Tax Administration. “Greater accuracy, faster refunds and an acknowledgment of filing are benefits of the e-file experience. And many tax software packages include e-filing at no additional cost.”

The IRS does not offer free tax software or direct filing for individual taxpayers, but the e-file section of its Web site – www.irs.gov – links to a list of 20 companies that sell software or online preparation services. There are also links to companies that offer free e-filing for low-income persons or very simple tax returns.

Taxpayers can get e-filing’s benefits for their state tax returns by sending their federal and state returns together in one transmission. This federal/state e-filing is available in all states with a state income tax.

Federal/state e-filers usually send both returns through a transmitter to the Internal Revenue Service, which then forwards the state return information to the state tax agencies for their processing. In four states -- California, Maine, Massachusetts and Minnesota -- the transmitters electronically route the federal and state data directly to the respective agencies.

Taxpayers can e-file their federal/state combination either through tax professionals or from their home computers. Many of the volunteer sites under the IRS-sponsored Volunteer Income Tax Assistance or Tax Counseling for the Elderly programs offer free e-filing for those who come to them. Taxpayers can locate volunteer sites in their communities by calling the IRS at 1-800-829-1040.

Six states are partnering with the IRS to offer their taxpayers a federal/state telephone filing option: Georgia, Indiana, Kentucky, Maryland, Oklahoma and West Virginia. This joint system is for taxpayers who qualify for the simplest tax return and who received TeleFile packages from both the IRS and the state tax agency. Nearly 209,000 taxpayers have used federal/state TeleFile so far this year.

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2002 FILING SEASON STATISTICS

Cumulative through the week ending 3/2/01 and 3/1/02

	<u>2001</u>	<u>2002</u>	<u>% Change</u>
Individual Income Tax Returns			
Total Receipts	45,930,000	46,847,000	2.0
Total Processed	36,996,000	38,498,000	4.1
E-filing Receipts:			
TOTAL	25,407,000	28,208,000	11.0
TeleFile (phone)	3,152,000	2,900,000	- 8.0
Computer	22,255,000	25,308,000	13.7
Tax Professionals	18,853,000	20,535,000	8.9
Self-prepared	3,402,000	4,773,000	40.3
Refunds Certified by the Martinsburg Computing Center:			
Number	33,701,000	35,195,000	4.4
Amount of principal	\$63.085 billion	\$73.579 billion	16.6
Average refund	\$1,872	\$2,091	11.7
Direct Deposit Refunds:			
Number	20,277,000	22,988,000	13.4
Amount	\$45.410 billion	\$56.133 billion	23.6
Average	\$2,239	\$2,442	9.0