

THE COALITION FOR FREE AND FAIR FILING

July 19, 2023

The Honorable Daniel I. Werfel
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Commissioner Werfel,

We write to thank you for the hard work of the IRS in developing [the report to Congress](#) on an IRS-run direct tax filing system and commend you for [your announcement](#) that the IRS will launch a pilot direct file tool in 2024 to streamline access to the tax system. We believe that a free and accessible direct file tool will be transformational for American families, and we stand ready to do what we can to help make this project a success.

Today, it is far too difficult for American families to file tax returns. The [IRS estimates](#) that an average taxpayer spends 13 hours and \$250 annually fulfilling their filing obligations. The high cost of tax filing diverts billions of dollars each year from working families to private tax prep companies, and prevents millions more families from filing taxes at all. These families miss out on critical benefits administered through the tax code, like the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). Moreover, the burden of these high costs and missed benefits [fall disproportionately on people of color](#) and other communities who are marginalized and excluded from support, including immigrant families, families living in US territories, individuals who need an Individual Taxpayer Identification Number (ITIN), families with limited English proficiency, filers contending with safety risks due to domestic violence, single heads of household, families experiencing homelessness, and families with disabilities.

As [many of us wrote to you in April](#), a free and accessible direct file tool has great potential to help address these problems. Direct file is a common-sense digital government service for the 21st century, which would reduce administrative burden for low-income families, and allow them to get their

information directly from their government — rather than from private intermediaries who [do not have their best interests at heart](#). We also know direct file is popular with taxpayers; [a study](#) commissioned by the Economic Security Project showed that 76% of Americans support the IRS creating a direct file tool.

Your report to Congress on an IRS direct file tool confirms these points. The report finds widespread interest in direct file, with over four in five taxpayers who currently self-prepare “very interested” or “somewhat interested” in an IRS tool, and over two thirds of them “very likely” or “somewhat likely” to switch to the IRS tool from their current filing option. The report confirms that taxpayers think it is indeed the IRS’s role to provide a direct file tool, that the high cost of private software is a barrier to taxpayers, and that — despite the baseless claims of opponents — taxpayers trust the IRS to run such a service, and trust the IRS with their data. In the words of one respondent in the study: “I mean it’s the IRS. I definitely would trust it.” Most important of all, the development of the prototype described in the report proves the IRS is up to the task.

In December 2022, many of us [outlined key principles](#) we would want to see represented in a direct file tool. We are pleased to see many of these principles in your work. Your report notes that the prototype tested with users was multilingual and mobile-friendly. In line with our principle of prioritizing families facing unique barriers to filing, your research on taxpayer attitudes and needs oversampled families with limited English proficiency. In line with our principle that the direct file tool be directly integrated with other hands-on IRS taxpayer assistance programs, your report contains a large budget for customer service “through the communication channel of their choice” — though we also hope to see even more work in the future to tightly integrate the tool with other forms of IRS customer support. In line with our principle that a direct file tool be owned by the government and accountable to the American people, we are thrilled to see that the IRS will run next year’s pilot directly — not through a private company. In line with our principle of using IRS data to streamline the taxpayer experience, your report discusses the importance of return pre-population, and correctly notes that many taxpayers expect such functionality would be available in an IRS tool. While we understand that pre-population does not appear to be in scope for the 2024 pilot, we trust that these findings indicate your intention to add such functionality in the future, should the pilot be scaled up — as we hope and expect it will be.

As the direct file project moves forward, we again urge you to make explicit your intention to prioritize the needs of low-income filers and those experiencing the most barriers accessing the tax system in the design and development process. We urge you to outline plans for unambiguous outreach promoting the tool directly to taxpayers. We urge you to ensure that identity verification does not become a barrier to using the service, and to publicly report data on tool usage so all Americans can evaluate its effectiveness and propose improvements. And we urge you to make critical improvements to the backend Modernized eFile system so as not to create [barriers for low-income filers](#).

We recognize that next year’s rollout is just a pilot, and that change does not come all at once. You wrote to Secretary Yellen that “best practice for new product launches...requires the transition from research and development (R&D) to customer-facing be done in an incremental manner” — and we

agree. While we urge you to be as ambitious as possible in this pivotal first year, we understand that some improvements will necessarily be delayed to future years. We urge you to provide a road map for such future improvements as we stand ready to support this project in the long term — and we urge you, too, to stand behind the project through inevitable challenges, so that we can get to the end state we all desire.

We thank you for your leadership on this issue, and we look forward to doing everything we can to make next year's pilot a success. And we look forward to working with you in the long term to build a permanent tool that is as simple and automatic as possible for all taxpayers, continuing to advocate for those families who face the highest barriers to economic security, and ensuring the IRS continues to grow into the benefits administrator our country needs and deserves.

Signed,

National organizations

AFL-CIO
Alliance for a Just Society
American Family Voices
American Friends Service Committee
American-Arab Anti-Discrimination Committee (ADC)
Americans for Tax Fairness
Autistic Self Advocacy Network
Benefits Data Trust
Care Income Now
Center for American Progress
Center for Economic and Policy Research
Center for Employment Opportunities
Center for Law and Social Policy (CLASP)
Center for Popular Democracy
Center for Public Enterprise
Center for the Study of Social Policy
Change Machine
Children's Defense Fund
Children's HealthWatch
Coalition on Human Needs
Code for America
Color Of Change
Common Sense Media
Community Change Action
Consumer Action
Demand Progress Education Fund
Economic Security Project

Educare Learning Network
Family Equality
First Focus on Children
Food Research & Action Center
Foster America
Friends Committee on National Legislation
Futures Without Violence
Georgetown Center on Poverty & Inequality
Global Women's Strike
Groundwork Action
ICNA Council for Social Justice
In the Public Interest
Institute for Educational Leadership
Institute for Policy Studies -Program on Inequality
Institute on Taxation and Economic Policy (ITEP)
JFI - Jain Family Institute
Jobs With Justice
LIFT, Inc.
Main Street Alliance
Mother's Outreach Network
MoveOn
National Advocacy Center of the Sisters of the Good Shepherd
National Association of Social Workers
National Community Action Partnership
National Consumer Law Center (on behalf of its low-income clients)
National Employment Law Project
National NeighborWorks Association
National Network for Youth
National Women's Law Center
Network Lobby for Catholic Social Justice
Our Revolution
Oxfam America
P Street
Parent and Caregiver Advisory Board of the ABC Coalition
ParentsTogether Action
Partnership for America's Children
Patriotic Millionaires
People's Action
Propel, Inc.
Prosperity Now
Public Advocacy for Kids (PAK)
Public Citizen

Responsible Wealth Project of United for a Fair Economy

RESULTS

Revolving Door Project

RootsAction.org

SaverLife

Share Our Strength

The Expectations Project

TOOTRIS Child Care On-Demand

UnidosUS

Unitarian Universalists for Social Justice

Universal Income Project

Women of Color/Global Women's Strike

Woodstock Institute

Working America

Young Invincibles

Youth Law Center

Regional, state, and local organizations

Action NC

AFT Washington

Agape Network

Allegany County Human Resources Development Commission (HRDC)

All Home

Arizona Center for Economic Progress

Asset Building Coalition of Mason County

Brazilian Women's Group

Building Skills Partnership

Cambridge Economic Opportunity Committee (CEOC)

Campaign For Working Families, Inc.

CASA, Inc.

CASH Campaign of Maryland

Children's Action Alliance

Citizen Action of Wisconsin

City of Philadelphia Office of Community Empowerment and Opportunity

Colorado Consumer Health Initiative

Colorado Fiscal Institute

Community Action Team/Child & Family Development Programs

Community Advocates Public Policy Institute

Community Assistance Network, Inc.

Community Legal Services of Philadelphia

Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces

Connecticut Citizen Action Group (CCAG)

Cowlitz County Asset Building Coalition
D.C. Hunger Solutions
Economic Mobility Pathways
Economic Opportunity Institute
Empower Missouri
Faith Action Network
Fayetteville Police Accountability Community Taskforce
Financial Empowerment Network
Friends of Outdoor School
Georgia Budget and Policy Institute
Golden State Opportunity
GRACE – End Child Poverty in California
Greater Boston Legal Services
Hawaii Appleseed Center for Law & Economic Justice
Hawaii Children's Action Network
HopePHL
Housing Action Illinois
Hunger Free Vermont
Immigrant Service Providers Group/Health
Income Movement
Indiana Community Action Poverty Institute
Indivisible Georgia Coalition
Indivisible Marin
Indivisible Northern Nevada
Indivisible Sonoma County
Instituto del Desarrollo de la Juventud
International Institute of New England
ISAIAH (MN)
Jefferson Economic Development Institute
Jewish Family & Children's Service of Greater Boston
Just Harvest
Kansas Action for Children
Los Angeles Regional Food Bank
Louisiana Budget Project
Louisiana Partnership for Children and Families
Lower Columbia CAP
Maine Equal Justice
Marion County Commission on Youth (MCCOY)
Maryland Hunger Solutions
Massachusetts Law Reform Institute
MASSCAP
Maui Economic Opportunity, Inc.

Meals4Families
Metropolitan Family Service
Michigan League for Public Policy
Missouri Budget Project
Montgomery County, MD Community Action Board
New American Association of Massachusetts
New Jersey Policy Perspective
North Texas Area United Way
Northwest Harvest
Northwest Progressive Institute
Oakland Rising
OpenSky Policy Institute
Oregon Center for Public Policy
Our Children Oregon
Partners for a Hunger-Free Oregon
PEER/NYPAN Suffolk County
Pennsylvania Working Families Party
Power Coalition for Equity and Justice
Prepare + Prosper
Prince George's CASH Campaign
RAISE Texas
RESULTS-Massachusetts
Rise Up WV
San Diego for Every Child
Schuyler Center for Analysis and Advocacy
Seattle Indian Health Board
Shriver Center on Poverty Law
SimplifyCT
Southeast Rural Community Assistance Project Inc
SPAN Parent Advocacy Network, Inc.
SparkPoint Contra Costa
Statewide Poverty Action Network (WA)
TakeAction Minnesota
Tax Help Utah
The Children's League of Massachusetts
The Cooperative Ministry
Unitarian Universalist Fellowship of Hidalgo County Texas
United Way of King County
United Way of Spokane County
United Way Southeast Louisiana
United Ways of California
United Ways of the Pacific NW

Urban Affairs Coalition
Washington Anti-Hunger & Nutrition Coalition
Washington Asset Building Coalition
Washington Community Alliance
Washington Physicians for Social Responsibility
Washington State Budget and Policy Center
Westchester Food Pantry
Women Employed
Workforce Snohomish
YMCA Southcoast