THE COALITION FOR FREE AND FAIR FILING

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IRS's 2024 Direct File Tool is a Concrete Demonstration of the IRS's Commitment to Free and Easy Online Tax Filing

The announcement of the scope for the 2024 IRS Direct File pilot is poised to make free tax filing services available in 13 states next year

Washington, DC – The U.S. Department of the Treasury and Internal Revenue Service (IRS) today <u>unveiled additional</u> <u>details about the Direct File 2024 pilot</u>. The <u>Coalition for Free and Fair Filing</u> — a group committed to supporting the IRS Direct File project and ensuring that online tax filing is free and easy — enthusiastically applauds today's announcement. Direct File has the potential to revolutionize access to the tax filing system for millions of Americans. Today's announcement is a smart and strategic plan for the program's 2024 launch, which is ambitious and achievable, and prioritizes those taxpayers who need Direct File most. The Coalition is enthusiastic about Direct File's potential to begin making real change for American taxpayers starting next year.

Below are reactions from the Coalition for Free and Fair Filing core members and <u>here</u> is a link to a fact sheet that the Coalition developed to outline key components of today's announcement.

"The IRS announcement of the 2024 Direct File pilot is a crucial step toward putting resources into the hands of millions of families with children by removing a major barrier to tax filing. This tool will help families access the refundable credits they are owed and provides a foundation for equitably administering the tax system," **said Megan Martin, Executive Vice President at the Center for the Study of Social Policy.** "We are pleased to see that the tool can be used to claim the Child Tax Credit and will be available in Spanish and English with a user-friendly design. We join our partners in applauding the announcement by the IRS and hope that the experience and needs of low-income filers and individuals who face the most barriers to accessing the tax system continue to shape the development of the tool."

"Code for America is a strong supporter of the IRS's Direct File program, which represents a new era in the IRS's interactions with taxpayers." said **Amanda Renteria, CEO of Code for America.** "Thanks to the investments of the Inflation Reduction Act, the IRS is building a free and accessible front door to the tax system, which has the promise of saving tens of millions of taxpayers hundreds of dollars in fees, and finally closing the tax benefits participation gap. Today's announcement shows that the IRS is being smart and strategic, and is serious about doing this work right. In line with best practices in civic tech, this is a tightly scoped pilot that will allow Direct File to focus on those taxpayers who need it most. Direct File's plans for 2024 are limited enough to be achievable and bold enough to make a meaningful difference for taxpayers who have struggled to access the tax system for far too long. We are thrilled to see this progress from the IRS and look forward to doing everything we can to support this project. And

2024 is just the beginning for Direct File — this project will scale over time to transform the way Americans interact with the tax system."

"This IRS Free File program is absolutely essential for Black communities as we approach tax season. With free, easily accessible tax preparation software, the program empowers everyday people to conveniently file their taxes, without any unnecessary expenses," said **Brandon Tucker, Senior Director of Policy and Government Affairs for Color Of Change.** "We will always advocate for policies that can advance racial justice. This program is a game-changer and keeps money in the pockets of Black families, not in the pockets of big corporations. We applaud this step for a more equitable national tax program."

"For far too long, people haven't had access to a public free and fair tax filing option. We celebrate today's announcement because it shows both a willingness to take action on that promise and a framework through which we can eventually see a free and fair tax filing option available for everyone," said **Adam Ruben, Vice President of Campaigns and Political Strategy at Economic Security Project**. "Access to free and fair tax filing is critical for making sure that everyone can access the tax credits they deserve and for making sure that the cash from those tax credits can stay in the pockets of people rather than the pockets of tax prep companies."

"The announcement of the Direct File pilot is great news for the overwhelming majority of taxpayers who have been clamoring for the choice to file their taxes for free, " **said Igor Volsky, Executive Director of Groundwork Action**. "While the for-profit tax prep industry and its supporters in Congress work to undermine the effort and protect corporate profits, the IRS is rightly moving forward in prioritizing the needs of taxpayers."

"NETWORK Lobby and our interfaith partners are thrilled about the IRS announcement on the Direct File pilot," **said Laura Peralta-Schulte, Senior Policy Director of NETWORK Lobby for Catholic Social Justice.** "Lower wage workers, individuals with disabilities, and others living in the economic margins, deserve help navigating the complex federal tax system as a matter of justice. Taxes are a public good and taxpayers should not have to rely on unscrupulous for profit corporations to meet this civil responsibility."

"Americans throughout the nation should celebrate today's IRS announcement outlining a bold yet attainable scope for its Direct File 2024 pilot," said **Robert Weissman**, **president of Public Citizen**. "Filers will now be able to use a free online government tool to meet their 2024 tax obligations, landing a critical blow on greedy tax prep corporations that have for far too long annually milked filers of their hard-earned cash."

"**RESULTS** joins its partners in applauding the IRS announcement for the 2024 Direct File pilot, "**said Dr. Joanne Carter, Executive Director of RESULTS and RESULTS Educational Fund**. "Recent U.S. Census data showing the impact of the Child Tax Credit confirmed what families and individuals already knew: tax credits fight poverty. Yet millions of families never claim or access the credits they are owed because of onerous filing processes or predatory fees. This new tool will remove systemic barriers between filers and these critical tax credits, taking a vital step toward economic justice."

Background on Free and Fair Filing: Through the Inflation Reduction Act, Congress and the Biden administration allocated \$80 billion in IRS funding to improve the agency's responsiveness and customer service, and to crack down on wealthy tax cheats who have long gamed the system. In addition, Congress specifically directed the IRS to study the feasibility of building a free and simplified tax filing system, and the IRS announced alongside its <u>Direct File report</u> in May that it would <u>pilot a Direct File system in 2024</u>. Even though <u>every dollar invested in the IRS actually reduces the deficit</u>, lawmakers agreed to cut \$20 billion from the IRS during the debt limit negotiations, and more is being threatened in the appropriations process. Despite the cuts, the IRS remains committed to making the Direct File pilot a reality.

Direct File could save individual taxpayers over <u>\$100 every year</u> by providing a platform for taxpayers to directly file their taxes online for free, as well as streamlining access for millions of families who miss out on social support administered through the tax code every year. As part of its feasibility research process, the agency developed a

Direct File working prototype that was <u>well received by taxpayers</u> during user testing. Details of the 2024 Direct File pilot can be found at IRS.gov/directfile.

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The Coalition for Free and Fair Filing supports the Internal Revenue Service's efforts to create a free online direct tax filing tool. The group's mission is to ensure all U.S. taxpayers can easily file tax returns and get the tax credits they deserve by safeguarding and expanding the IRS Direct File program. The coalition is composed of organizations committed to racial and economic justice, consumer protection, the advancement of civic technology and the promotion of equity in tax administration.