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The Future of Tax Filing

Part 3: Beyond Direct File: A Vision for the Future of Tax System Access

Chapter 13: Additional tax filing assistance

Gabriel Zucker, Chris Given

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Summary

- Policymakers have not articulated coherent goals when it comes to high-touch, hands-on tax filing assistance. Do all taxpayers have the right to free assistance more involved than DIY filing? Only some taxpayers? If so, which? We contend, at a minimum, that as long as publicly-funded high-touch hands-on assistance remains relatively limited, it should be targeted to those taxpayers with the highest needs. (13.1)
- The IRS and/or other tax access stakeholders should explore the creation of additional levels of public tax preparation assistance between the extremes of DIY tax filing with chat support (Direct File), on one hand, and full-service, someone preparing your return for you (VITA), on the other. It is possible there is a use case for additional models between these extremes. (13.2)

- The IRS should manage a centralized front door expediting access to all publicly-supported tax filing services, helping taxpayers understand their options and find the one that is right for them (13.3). Moreover, Direct File should be expanded to support additional levels of service, such that most taxpayers can get started with their return on Direct File and be routed dynamically to the appropriate level of assistance they need, should live chat turn out to be insufficient. This means, for example, a half-finished Direct File return could effectively become a digital VITA intake form for taxpayers who find themselves unable to complete the return alone (13.4).
 - VITA program rules should be amended so that programs are judged not on the total number of returns they prepare, but rather on how well they do at engaging specific hard-to-serve populations with specific hard-to-prepare returns — and at helping taxpayers, perhaps over the course of several years, achieve self-sufficiency in filing. These changes will help ensure that limited VITA capacity is focused on those things that only VITA can do. (13.5)
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This section explores tax filing services more intensive than DIY online tax filing — most prominently, high-touch services in which a tax expert prepares a return on behalf of a taxpayer, which the IRS currently offers via the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. While the theory, practice, and strategy of a public DIY tax filing tool (Direct File) are fairly well understood at this point, there is far less unified strategy surrounding more hands-on services for higher-need populations.

Section 13.1 lays out some philosophical issues regarding such higher-touch services and ambiguities in the IRS’s strategic goals in this domain. Section 13.2 explores what service models might exist other than DIY (Direct File) and full service (VITA). Sections 13.3 and 13.4 propose an integrated service delivery mechanism that would allow taxpayers to dynamically find the level of service that is right for them from a centralized front door. Section 13.5 discusses reforms to the VITA program that could effect better targeting of limited assistance resources.

13.1 Philosophical issues

The premise of Direct File is that taxpayers are entitled to a simple DIY product that makes tax filing as easy as possible. **But do all taxpayers have the right to additional hands-on assistance? Should every taxpayer be guaranteed access to a tax expert accompanying them through the process of doing a return, or even preparing the return for them? If so, do all taxpayers have this right, or only some taxpayers?** Conversely, is it appropriate that some taxpayers may pay for assistance? Put differently, should it be seen as per se a problem if some taxpayers *do* choose to pay preparers or accountants to file their returns?

Separate from the question of legal rights, there is a slightly distinct question of goals. Perhaps, regardless of whether assistance is available or whether a taxpayer can afford it,

we might have an aspirational societal goal of self-sufficiency in the tax system. Often, taxpayers seek assistance because of their belief the tax code is too complex for them, and that they need an expert to navigate it. Indeed, one of Direct File's impacts was to begin to break through this; [Code for America reported](#) one taxpayer said "At age 67 this was my first time filing my own taxes, and I was scared to death but this made it so easy. I was so proud of me!" Does the government have the goal per se of helping taxpayers become confident and self-sufficient regarding their taxes?

Even if there is not an interest in promoting self-sufficiency per se, there is the empirical fact that [a very large portion of LMI taxpayers currently engage paid preparers to file their returns](#). The impact of something like Direct File will inherently always be limited if a majority continue to feel uncomfortable using DIY tax software, and continue to pay tax preparers.

Perhaps we might say that some taxpayers are entitled to additional assistance, due to particular barriers, though not all. But in this case, how are those taxpayers prioritized? And do we expect taxpayers to eventually "graduate" from higher levels of assistance to something approaching self-service, so that the resources are available for new high-need populations?

We lay these questions out in detail to highlight simply that the answers are not obvious, and Congress and the IRS could come to various conclusions about them, which would, in turn, imply different courses of action. We believe it would be worth it for Congress and/or the IRS to articulate a view on such questions.

Retreating slightly from a place of abstraction, though: broadly, our view is that taxpayers deserve a system that is accessible to *everyone* without assistance, and the IRS and Congress should be working toward this goal, by simplifying the code and providing products like Direct File and the year-round product discussed above. However, as we are a far cry from such a world — and indeed may never fully get there — **we owe more hands-on assistance to those populations that are most at risk of falling through the cracks without additional support**. While it is not clear exactly how much additional government-sponsored hands-on assistance the IRS must offer, it is clear that this assistance should be targeted at those who most need it, so that we are using it to address our system's accessibility/equity flaws. (This means, conversely, that taxpayers do not per se have a legal *right* to additional assistance. People who do not properly belong in the priority population can pay if they *want* this assistance.)

The IRS essentially provides for high-touch hands-on assistance for a couple of million taxpayers, via VITA and TCE. In other words, consistent with the above framework, the IRS has resources for a *small share* of taxpayers to receive hands-on assistance: about 2-3% of low- and middle-income filers.¹ (In a Direct File world, this service was supplemented by DIY filing for as many taxpayers as want to use it.)

¹ We do not include LITCs here, as this pertains to a different set of legal rights.

Finally, given that hands-on support is expensive and limited, we also ought to develop a system that makes it easy for taxpayers accustomed to hands-on assistance to switch over time to DIY filing, softening the perceived difficulty of this transition, both for those users of free government-provided assistance, and for the many users of paid assistance.

The following sections are formulated under the assumption that this basic framework remains the same, and that **the goal is to ensure this higher-level assistance is targeted at those taxpayers who most need it — dovetailed with the concurrent goal of graduating those taxpayers off that assistance, both in the inherent interest of self-sufficiency, and in the interest of freeing up limited assistance resources.**

13.2 Explore creating additional levels of service

In the Direct File world, the IRS offered relatively low-touch filing experiences (DIY filing, and DIY filing with limited live chat assistance, via Direct File) and very high-touch filing experiences (full tax preparation via VITA/TCE). (In VITA and TCE,² the VITA/TCE volunteer literally prepares and submits the return on the taxpayer’s behalf, based on information provided by the taxpayer.)

There is, conceptually, a large gap between these extremes, and it is worth considering whether there is a missing middle. Should there be government-provided offerings between these extremes — both to better meet taxpayers where they are at, and to effect easier transitions between the disjunct government offerings? Private tax prep companies, for example, often offer **a service where the taxpayer self-prepares their return, but can have an expert review it for accuracy before submission.** This is less hands-on than full tax prep (a la VITA) but more hands-on than DIY filing. There may be other viable intermediate service models, as well, such that the IRS could eventually provide a spectrum of services:

- DIY filing (Direct File)
- DIY filing with chat assistance (Direct File)
- *Additional models:* DIY filing, with expert review before submission? DIY filing with expert consultation?
- Full-service filing (VITA/TCE)

More research is needed to determine whether there is a compelling need for government to provide such intermediate services, and what shape they would take. We limitedly explored this question in our user research sessions, but we were not able to collect conclusive feedback in the abstract; more hands-on and involved user research, prototyping, and testing would probably be needed. It is also worth considering intermediate services specifically in the context of ‘graduating’ taxpayers from VITA or other hands-on assistance modes into lower levels of service, an idea explored further in Section 13.5 below.

² This is true for *traditional* VITA/TCE filing; there is an exception in the relatively small facilitated self-assistance program.

13.3 A centralized IRS-run front door to additional IRS assistance

One benefit of Direct File is that, as it is a public tax filing option, official tax filing outreach communications can unambiguously direct taxpayers to it. Direct File thereby becomes a centralized front door for tax filing — making the tax system less overwhelming, and more accessible and navigable.

There is no such IRS-run front door, though, for additional assistance services (which is to say, at present, for VITA/TCE). There is a VITA site locator on the IRS website, but it can be hard to use, its data is not always up to date, and it is advertised quite separately from other filing services. There is a public interest digital product [GetYourRefund](#), built by Code for America, that serves as a centralized digital front door to VITA programs, allowing taxpayers to complete their VITA intakes and be routed to a site to complete their returns. But GetYourRefund is not owned or managed by the IRS — much less is involvement with it a requirement for VITA programs, many of whom do not use it at all.

We believe there ought to be a centralized IRS digital front door to these higher-touch services, helping taxpayers understand the options available to them, and making it easy to get started. In the simplest terms, this is a landing page, e.g., [irs.gov/file](#),³ that lays out a taxpayer's filing options and makes it easy to get started. In the current world, this means the IRS operating a GetYourRefund-esque service, with online intake and with a reliable easy-to-use site locator, for VITA/TCE access. In a world with other levels of service — including Direct File — the IRS front door would manage access to those as well. Centralizing this access will help triage the right taxpayers to the right services, and make it easier for those taxpayers who need more help to find it.

13.4 Access to additional assistance resources should be mediated dynamically via Direct File

Even if there were a centralized access point for these different filing assistance options, there would still be the question of how taxpayers pick which service they need, how to assist them in this service, and what overlap exists between the different levels of service. What if a taxpayer does not know off the bat how much help they will need, or is overwhelmed by the various options themselves? What if a taxpayer starts a DIY return and then gets stuck, most of the way through, at a question they do not know how to answer?

We tried to get at these questions in our user research, asking taxpayers questions about how they determined what level of assistance they needed, and where they might turn if they needed more. Given the population of taxpayers we were speaking with, none of whom

³ Such a page currently exists on the IRS website, but does not lend itself to understanding filing options, choosing the right one, or getting started.

had in fact recently struggled to file a return, this line of inquiry did not yield any clear insights.

But we have anecdotal evidence⁴ from VITA volunteers' experiences that many taxpayers don't really know what level of service they need until they start filing — which stands to reason, since any challenges a taxpayer faces tend to come up *during the filing process*. As such, it would be counterproductive to make a taxpayer pick, before they start, which level of service to use. Better to default to DIY filing with the option to access more help if needed.

Moreover, it is self-evidently wasteful from a technology perspective to have different tax filing tools exist separately from one another. As it is, for example, large portions of Direct File and GetYourRefund are significantly duplicative. Why solve twice the problems of account management, of phrasing complicated questions about tax situations, of linking out to additional resources, and of providing in-app support, when they could be instead solved once?

We believe the answer is that Direct File should eventually scale to support a laddered system of service levels. No matter who you are and how much additional assistance you think you want, you can start your filing journey with Direct File. As you go through the filing process, if you find you have the information you need to complete your return, you file yourself (traditional DIY Direct File). If you find you're stuck and need more help, you could be routed to additional service, or even to full-service tax preparation via VITA/TCE; the answers you provided while using Direct File would become your VITA intake, as in GetYourRefund.

Such a world would require significant new functionality from Direct File. The product, for example, might create the option of selecting 'not sure' in response to certain questions. The product would need a notion of branching between the different service paradigms. And it would need functionality that would allow VITA volunteers to directly see the data taxpayers have entered, make corrections, and submit the return on the taxpayer's behalf. **This would be a big step for Direct File, and any such functionality would certainly be several years out in the road map. But we believe it is the right goal to target.**

Ultimately, this would create a world where Direct File and additional assistance resources are tightly interoperable. Direct File can determine that a taxpayer requires VITA/TCE assistance and route them directly to a VITA/TCE program. Conversely, VITA/TCE programs could use the same platforms to help taxpayers graduate back to DIY filing.

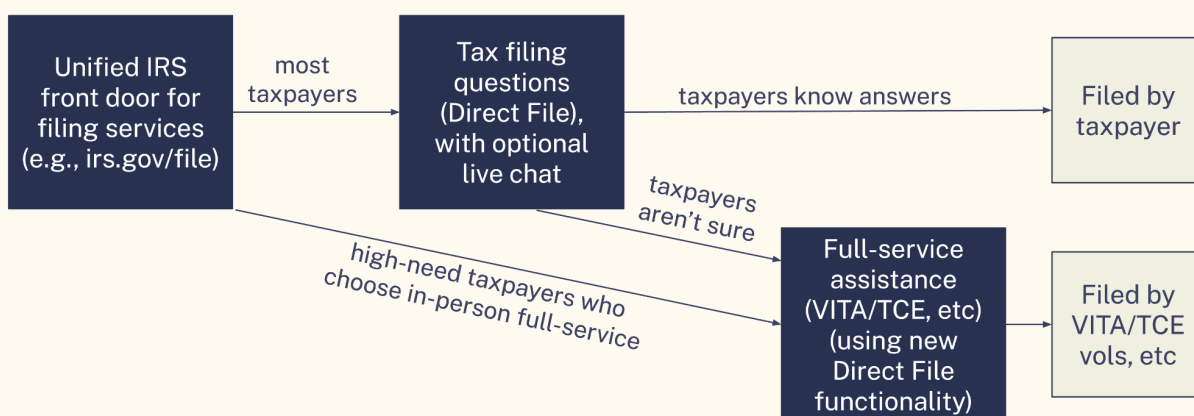
This integrated model of laddered service levels would also greatly simplify the task of the centralized front door discussed above. Some taxpayers might choose to get their tax assistance in person, and the landing page would still help those taxpayers find a VITA/TCE site. But for most taxpayers, they would simply get started using the integrated Direct File functionality and be routed to appropriate additional assistance as needed during their

⁴ We do not know of more rigorous evidence for this claim, but it would be interesting to collect.

filing process. Such an experience would also make the transition more welcoming for the many LMI taxpayers who might otherwise struggle to make the jump from paid preparers to something like Direct File. While such taxpayers might be anxious to leap into a self-prep process, they could be reassured that the process will route them to as much hands-on assistance as they ultimately need.

At its most basic, the system would look something like the chart below. A system with additional intermediate levels of service, as discussed in Section 13.2, would be slightly more complex, but still follow the same basic principles.

Triaging Access to Assistance



13.5 VITA program rules and incentives

To the extent some taxpayers are entitled to free high-touch tax filing assistance, the obvious way to provide it is via the VITA program, which has provided such assistance to low-income taxpayers for 50 years — about two million annually in recent years. Two million is a drop in the bucket of the ~75 million tax filers below median income; but two million is a big number relative to the number of taxpayers who have particularly high barriers or especially intermittent filing histories.

That said, historically, VITA's targeting at the most marginalized taxpayers, as well as its ability to move taxpayers to greater levels of self-sufficiency, has been very limited. VITA sites almost exclusively serve lower-income taxpayers — but within this very broad category, they do not necessarily serve taxpayers with especially high needs.

The problem, of course, is not mission alignment: VITA programs and the volunteers who staff them believe strongly in tax access, and in ensuring the neediest people can access their refunds.

One reason for the lack of targeting is that, in a pre-Direct File world, VITA was often the only reliably free game in town. There was no *other* free official tax filing option to send

taxpayers to, and VITA programs often became the de facto standard free option for low-income taxpayers. In such a context, it was natural for VITA programs to be badly oversubscribed, and simply serve people, first-come-first-served, as they walked in the door. Many programs conduct limited or no outreach, as repeat customers and word-of-mouth easily satiate the limited supply of services.

But another reason, one that VITA programs often speak plainly about, is the design of the programs' incentives. VITA programs are usually judged on one principal metric: the number of returns they prepare, also known as Minimum Returns Expected, or MRE. Tax preparation is hard work, and VITA grants are critical, so program administrators understandably tailor their work to optimize for this metric. Seeking out taxpayers experiencing homelessness to prepare their returns is time that could be spent preparing many other easier returns at the office. Encouraging and teaching a taxpayer to file using a self-help tool is time that could be spent preparing their return. **VITA sites are genuinely incentivized *not* to target their work at the program's broader goals and not to triage low-need taxpayers to other filing options.**

The VITA program office has, to its credit, often sought to find ways around this problem. The office, for example, encouraged sites to count toward its MREs those taxpayers that they referred to GetCTC in 2021 and 2022, and to Direct File in 2024 and 2025, and who therefore went on to file. But such efforts were bandaids at best.⁵ **If VITA's goal is to serve the hardest-to-serve taxpayers and move them to self-sufficiency, the program's official metrics should straightforwardly reflect this.** In the long run, there is simply no reason for the program office to be patching end-runs around its own rules.

While the details of an updated grant regime ought to be worked out carefully in collaboration with the grantees and the program office, the overall shape of the reforms is clear:

- VITA programs should receive **additional credit for preparing returns for specific target populations**, or with specific complexities. These may include:
 - Taxpayers who have never filed, or have intermittent filing histories.
 - Taxpayers whose returns have known complexities, like multi-generational households, non-standard self-employment income, or Advance Premium Tax Credit reconciliation, to name a few possible examples.
 - Taxpayers without English proficiency.
- VITA sites should be **explicitly instructed and incentivized to help their clients move to self-sufficiency**: sites should receive **more credit for newly recruited taxpayers**.

⁵ This guidance was also not always easy for VITA sites to follow. Especially in the Direct File years, the guidance tended to arrive late in the planning for the tax season, and without any systematic solution as to how sites should count these newly referred returns, logistically or technically. In some cases, probably in part owing to the ambiguity of the operational logistics, local managers who interact with VITA sites directly did not fully endorse the new rules, leaving sites facing conflicting information.

- VITA sites should be **judged on their use of the IRS’s newly-designed triage/referral systems discussed above** (Section 13.4), once they exist, thereby ensuring that sites are actively helping ensure taxpayers find their ideal level of service.
- The total number of returns a VITA site prepares would be expected to *decrease* under this updated regime, as the programs are being incentivized to prepare harder returns, and to do additional triaging work which may depress the number of returns they directly file.

Taken together, such reforms would incentivize VITA programs to serve the hardest-to-serve taxpayers, those who otherwise might never get their refunds. Put differently, **these reforms would stop pulling grantees in a direction that differs from the grantees’ own, and the program’s own, mission. They would liberate the VITA programs to do the work they joined the program to do, and that the IRS needs them to do.**

These changes could be implemented without statute; [the controlling VITA statute](#) does not in any way require MREs to be the program’s principal metric. That said, Congress could certainly expedite the changes by mandating them in a bill clarifying the mission and goals of the VITA program.

As a related point, a far lower priority for Congress in achieving these goals is an increase in VITA funding. The principal bottleneck in VITA capacity is by far not funding; it is volunteers, and increased funding does not solve the problem of limited volunteer capacity.⁶ More to the point, even if, counterfactually, doubling the funding somehow did double the number of returns prepared, even 4-5 million returns would still be a drop in the bucket compared to tens of millions of low-income returns prepared every year. Growing VITA’s capacity is not the best way to make it a more effective part of the tax preparation ecosystem. **What will make a difference is making sure we use the limited capacity of VITA to truly do what VITA does best — serving the hardest-to-serve taxpayers, as only VITA can.**

⁶ We are not aware of large-scale proposals that might drastically change the picture in terms of volunteer supply, but, if they exist, they would be the best way to increase capacity. The VITA program has had a long relationship with the AmeriCorps program, and certainly investment in such service organizations could help increase the availability of volunteers.