For Immediate Release: July 20, 2023

Contact: Christiaan@economicsecurityproject.org

Coalition Announced to Support Free, IRS-Run Direct Tax Filing Option

Newly launched Coalition for Free and Fair Filing to advocate for the development and expansion of the IRS Direct File program to streamline access to the tax system

Washington, DC – Today, the nation's leading economic justice, racial justice, consumer protection, and civic technology advocacy organizations have come together to launch the <u>Coalition for Free and Fair Filing</u>. The Coalition is dedicated to taking the cost and headache out of tax filing for tens of millions of Americans by supporting the Internal Revenue Service's (IRS) efforts to develop a free, simple, and publicly owned online tax filing tool. The coalition is spearheaded by the Center for the Study of Social Policy, Code for America, the Economic Security Project, Groundwork Action, NETWORK Lobby for Catholic Social Justice, Public Citizen, and RESULTS.

Following the group's launch, the Coalition for Free and Fair Filing sent a <u>letter</u> to IRS Commissioner Daniel Werfel thanking the agency for its efforts to build a free, simplified tax filing tool. The letter went on to encourage the agency to make explicit its intention in the design and development process to prioritize the needs of filers with low-incomes and those experiencing the most barriers accessing the tax system. The letter embodies the core principles of the coalition and it was signed by 203 national, state and local organizations.

"Filing taxes can be stressful and time-consuming for everyone, and for millions of families it stands between them and vital tax credits that can help them pay the bills and save for the future. Simplifying tax filing by developing an accessible IRS direct file tool is critical to lift the burden off families, ensure everyone can access the refundable credits they are owed, and realize the potential of these credits to promote economic security and advance racial and gender equity," said **Megan Martin, Executive Vice President at the Center for the Study of Social Policy.** "It is crucial not only that this tool is built, but that it is designed based on the experiences and needs of low-income filers and individuals who face the most barriers to accessing the tax system. We know from the IRS's efforts during the 2021 advanced Child Tax Credit payments that accessible filing, alongside dedicated taxpayer assistance and customer service, puts resources into the hands of families with children. The Center for the Study of Social Policy looks forward to working with the members of the Coalition for Free and Fair Filing to support equitable tax administration through the creation of a direct file tool."

"Code for America is proud to join the Coalition for Free and Fair Filing to help make tax filing simpler and more equitable for millions of people in America," said **Amanda Renteria**, **CEO of Code for America**. "This coalition is supporting the IRS's Direct File program to provide a free e-file option that will for the first time enable people to submit their tax returns directly with the government. Not only will this save billions of dollars, but it will also break down barriers for families who have traditionally been excluded from the tax filing system. The IRS's Direct File pilot is consistent with the movement toward more human-centered government services that we're seeing across the nation, at the federal level and in red states and blue states. We look forward to working with our coalition partners to help make IRS's Direct File pilot a reality."

"Across the nation, low-income taxpayers and taxpayers of color have been forced to pay exorbitant fees to tax service providers or have been unable to file their taxes because of access barriers, reducing the overall impact of tax credits like the Child Tax Credit and Earned Income Tax Credit," said **Economic Security Project's Vice President of Campaigns and Political Strategy Adam Ruben**. "The development of a free, IRS-run direct tax filing option is critical for making tax filing more accessible, and Economic Security Project is proud to work alongside other members of the Coalition for Free and Fair Filing in fighting for a better way to file. Together, we will ensure our leaders in Washington safeguard the crucial resources that the Internal Revenue Service requires to modernize its operations, make sure wealthy tax cheats pay their fair share, and build the free and fair filing system that U.S. taxpayers deserve."

"The current tax system only works for well connected and powerful corporations that spend millions to ensure they can effectively maintain a monopoly over how Americans file their taxes, said Igor Volsky, Executive Director of Groundwork Action. "Americans, millions of whom are tricked into paying for tax filing services or have their personal information shared with social media companies without their consent, should have the choice of filing their taxes directly with the IRS in a fair, free, and simplified manner."

"Justice and equity can only be accomplished when structures that inhibit the ability of all people to thrive are transformed and work to promote the common good," said **NETWORK Lobby's Senior Director of Public Policy and Government Relation's Laura Peralta**. "Right now, too many struggling families, particularly in Black, Brown, and Native American communities, pay a high price to file their taxes in time and resources. Barriers restrict others from filing at all. The free file program will improve our tax system and relieve the burden on these families by allowing them to file directly with the government at no cost and with greater ease. Removing barriers will allow all families, not just those with wealth, to access vital credits that increase financial security and foster dignity. "

"Our nation is finally on the path to cutting out the profit-hungry corporations that currently serve as middlemen in one of the most basic interactions between the American government and We the People — filing taxes. Unsurprisingly, these same corporations are ramping up their efforts to try to block this basic public service that should have been available to U.S. tax filers for decades. This launch of the Coalition for Free and Fair Filing serves as notice: the American people have no intention of letting these corporations stand in our way any longer, said Robert Weissman, president of Public Citizen. "Further reliance on shady corporations that have tricked low-income filers into paying when they should have been filing for free or that provided sensitive data to outside parties is unconscionable. Public Citizen and our partners in this new coalition are committed to ensuring that the IRS's pilot program for a free Direct File public option is expanded and made available to all tax filers, erasing the unnecessary cost, lost time and added worry that has plagued our country for far too long when it comes to fulfilling our tax obligations."

"The tax code is a powerful system that can give families tools to lift themselves out of poverty. We have seen this with the expanded Child Tax Credit and Earned Income Tax Credit" said **Dr. Joanne Carter, Executive Director of RESULTS and RESULTS Educational Fund**. "But tax credits and fairer tax policies won't have the intended effect for families with low incomes when the burden of filing creates administrative and financial roadblocks. With taxpayers spending an average of 13 hours and \$250 filing their taxes, people most affected by poverty experience the largest barriers. A free IRS tool that pre-populates much of the needed information with data already maintained by the IRS would reduce this burden and help advance equity and justice in our tax code."

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 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. This tool could save individual taxpayers over \$100 every year by providing a platform for taxpayers to file their taxes online for free directly, 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 well received by taxpayers during user testing. As directed by the U.S. Department of the Treasury, the IRS intends to conduct a scaled, direct file pilot program in the 2024 filing season to further assess the system's customer support and technology needs.

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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.