

April 19, 2023

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

Dear Commissioner Werfel,

We, the undersigned, support the IRS's creation of a free, accessible direct file tool, to make tax filing easier for families and improve take-up of crucial tax benefits like the Child Tax Credit and Earned Income Tax Credit. We hope this will be a priority for you in your new role.

The [IRS estimates](#) that an average taxpayer spends 13 hours and \$250 each year to fulfill their tax filing obligation, leading to [billions of dollars](#) diverted from people receiving refundable credits to commercial tax preparation services. [Millions more families](#) find these and other tax-filing barriers insurmountable. For example, the IRS [estimates](#) that 21% of those eligible for the EITC do not claim it, and the Center on Poverty and Social Policy [estimates](#) between 4 and 6 million eligible children did not receive the advanced CTC in 2021. A simple and straightforward direct file tool will save families time, money, and effort and [put crucial benefits within reach](#) for families currently missing out.

A free, accessible direct file tool is especially important for communities who have been marginalized and [excluded](#) from support, including Black, Latinx, and other families of color, 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, unhoused families, and families with disabilities – for whom the [administrative burdens](#) associated with many public benefits create major barriers to access. Such a direct file tool would help [advance racial, gender, and economic equity](#) and [rebuild trust in the IRS and government services](#) among communities whose trust has been violated by the IRS through [disproportional audits](#) that have [real negative financial consequences](#) for taxpayers, especially those with young children.

A free, accessible direct file tool would build on [welcome steps](#) the IRS has been taking to improve the taxpayer experience. The IRS's implementation of automatic advance CTC payments in 2021, alongside a simplified filing portal for those without a filing obligation, [drastically reduced child poverty](#) and increased trust in government. [Nationwide surveys](#) showed that the CTC made recipients feel like the government cares about their family's health and wellbeing and is responsive to the needs of their community — [findings](#) that are more pronounced for Black and Hispanic respondents.

A direct file effort would also be in line with work [across federal and state governments](#) to alleviate administrative burdens in accessing government programs. For example, the use of existing data by state governments and program administrators to prepopulate applications has led to reduced application times and increased access to crucial benefits.

Creating a permanent, free direct file tool will ease access for many; but [how the tool is designed](#) and [what is ultimately built](#) will determine whether it is accessible for low-income families and traditional non-filers – and effectively advances equity. The tool should be designed with and for low-income families and those who face the most barriers to filing; use IRS data to streamline the

taxpayer experience and reduce filing burdens; and be integrated into a holistic tax filing ecosystem that includes, for example, allowing application for an ITIN as part of e-filing a return.

Done well, a direct file tool can be the centerpiece of the IRS's efforts of [modernization to improve the taxpayer experience](#) – and ensure families can file taxes and access the tax credits they are owed.

Signed,

Americans for Tax Fairness
Center for Law and Social Policy
Center for the Study of Social Policy
Children's Defense Fund
Church World Service
Citizens' Committee for Children of New York
Coalition on Human Needs
Code for America
Color Of Change
Common Sense Media
Community Advocates Public Policy Institute
Community Change Action
Economic Security Project Action
Educare Learning Network
Family Equality
First Focus on Children
Food Research & Action Center
Futures Without Violence
Generation Hope
Golden State Opportunity
GRACE/End Child Poverty California
Greater Boston Legal Services
Groundwork Collaborative
Ideas42 Policy Lab
Income Movement
Institute on Taxation and Economic Policy
Jewish Family Service of San Diego

JFI - Jain Family Institute
LIFT Inc.
Los Angeles Regional Food Bank
Main Street Alliance
Massachusetts Law Reform Institute
Meals4Families
Mother's Outreach Network
National Community Action Partnership
National Women's Law Center
NETWORK Lobby for Catholic Social Justice
Our Revolution
ParentsTogether Action
Patriotic Millionaires
Poverty Project at the Institute for Policy Studies
Prosperity Now
Public Citizen
RESULTS
Shriver Center on Poverty Law
Small Business Majority
SPACeS In Action
The Arc of the United States
The Expectations Project
The Parent and Caregiver Advisory Board of the ABC Coalition
TOOTRIS Child Care On-Demand
Unitarian Universalists for Social Justice
Universal Income Project

This Letter is issued by the [Automatic Benefit for Children \(ABC\) Coalition](#), an intersectional group of national, state, and grassroots organizations committed to the passage and full implementation of a guaranteed income that benefits all children. We believe all children should have what they need to pursue their goals and achieve their full potential and that this requires a society in which all families can afford the essentials their children need to grow and thrive. The ABC Coalition is co-chaired by the [Center for the Study of Social Policy](#) and the [Children's Defense Fund](#).