



**JOINT ECONOMIC COMMITTEE**  
**SENATOR CHARLES E. SCHUMER**  
**CHAIRMAN**



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## **ON EVE OF TAX DAY, SCHUMER URGES FREE ELECTRONIC TAX FILING FOR ALL TAXPAYERS DIRECTLY WITH IRS**

*Joint Economic Committee Analysis Reveals Taxpayers Would Save Over a Billion Dollars Annually with Free E-filing; E-filing also Reduces Errors Dramatically from Standard Paper Filing*

*IRS Agreements with Software Companies, Allows Them to Monopolize E-filing Market; Will Prevent IRS from Reaching E-Filing Goal of 80% by this Year*

**Washington, DC:** On the eve of tax day, U.S. Senator Charles E. Schumer (D-NY), the chairman of the Joint Economic Committee (JEC), released a JEC fact sheet revealing that free e-filing would save taxpayers and the federal government billions of dollars and reduces tax return errors dramatically. Online tax filing is clearly the easiest, cheapest, and most efficient way for Americans to pay their taxes. Sen. Schumer today called on the IRS to offer free e-filing for ALL taxpayers to save taxpayers and the federal government money and to meet the IRS goal of 80% e-filing as soon as possible.

**“This report shows that paying a fee for the ‘privilege’ of filing your taxes, costs taxpayers and the IRS billions of dollars,” Sen. Schumer said. “The bottom line is that the IRS is imposing an additional ‘tax’ on people paying their taxes, when billions could be saved by both if e-filing were free for all taxpayers.”**

The Joint Economic Committee analysis includes a state-by-state breakdown for how much taxpayers spent in 2006 to file their taxes online and also charts the progress of e-filing from 1995-2006. The JEC e-filing fact sheet can be found at [www.jec.senate.gov](http://www.jec.senate.gov).

Though filing electronically saves the IRS millions of dollars –fees are imposed to do so, although more expensive to process paper returns do not have an additional charge. The IRS made agreements with paid tax preparers and software companies to not offer free filing because the companies were concerned it would hurt their business. In exchange for the IRS staying out of the software business the companies agreed to offer free

electronic filing for people whose income is under \$52,000. Everyone else has to pay to e-file by going through a third party, even though the e-filing system saves the taxpayer and the government money. Even those who qualify for free filing must go through an incredibly complicated system to e-file and may be pushed into buying other services for additional fees from third party preparers.

**Free E-filing Saves Money:** Taxpayers can save over \$1 billion annually in e-filing fees if taxpayers earning more than \$52,000 could e-file for free. For the IRS, there are enormous cost savings from e-filing. While processing each paper return costs \$2.65, an e-filed return costs only \$0.29.

**E-filing Reduces Errors:** The IRS finds roughly 1 error in every 100 returns filed electronically (regardless of whether the return was prepared professionally or self-prepared by the taxpayer), compared to about 1 error in every 5 paper returns.

**E-filing Is Easy:** Filing income tax returns electronically also has significant advantages for taxpayers. Filing online is more convenient, return processing is faster, and refunds can be sent out more rapidly.

Sen. Schumer will be sending a letter to IRS Commissioner Mark Everson today to communicate his concerns over the e-filing program.

**The JEC e-filing analysis can be found at [www.jec.senate.gov](http://www.jec.senate.gov).**

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*

[www.jec.senate.gov](http://www.jec.senate.gov)

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