

TRAINING AND EMPLOYMENT NOTICE	NO. 22-10, Change 1
	DATE February 2, 2011

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
COMPREHENSIVE ONE-STOP OFFICE MANAGERS
AFFILIATE ONE-STOP MANAGERS
STATE VETERANS AFFAIRS AGENCY DIRECTORS
WIB - STATE CHAIRS
WIB - LOCAL CHAIRS
WIB - STATE EXECUTIVE DIRECTORS
WIB - LOCAL EXECUTIVE DIRECTORS
STATE UNEMPLOYMENT INSURANCE DIRECTORS

FROM: JANE OATES
Assistant Secretary

SUBJECT: Free File and Other Resources for Free Income Tax Preparation and Filing

1. **Purpose.** This Change 1 replaces and makes corrections to the previously issued Training and Employment Notice 22-10 to inform workforce system agencies and practitioners about Free File and other resources available to assist individuals in preparing and filing Federal and state income tax returns for tax year 2010.
2. **References.** None.
3. **Background.** The due date for filing Federal income taxes is April 18, 2011, with state tax returns often due around the same time. A sometimes challenging and costly task, tax return preparation leads the majority of Americans to pay for professional assistance in filing their returns. For low-to-moderate income individuals and households, important deductions and credits available to the individual or family may be overlooked, such as the Earned Income Tax Credit (EITC). Furthermore, many taxpayers forgo e-filing in favor of paper filing, delaying the processing of tax refunds.

However, excellent free resources are available to assist low and moderate income individuals and families prepare and file Federal and participating state tax returns. State and local workforce agencies and practitioners are well-positioned to promote the availability of such resources to their customers and partner organizations.

4. **Free File Program.** Free File, www.freefile.irs.gov, is a public-private partnership between the Internal Revenue Service (IRS) and a number of electronic tax software companies that provides free on-line Federal tax preparation and e-filing services to millions of low and moderate income taxpayers. Twenty-one states also have a version of Free File. Free File is available at no cost to taxpayers or the government.

**EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR
WASHINGTON, D.C. 20210**

An estimated 70 percent of all taxpayers meet the income eligibility criteria for using Free File—an adjusted gross income of \$58,000 or less in 2010. Eligible taxpayers may use one of the 16 participating tax preparation software programs to prepare and e-file their taxes. The on-line programs provide step-by-step guidance and ask taxpayers simple questions to complete their tax returns. Free File helps taxpayers claim all the deductions and credits for which they qualify such as the EITC, child care credits, and elder care credits. Refunds may be available within 10 days if they file electronically and request direct deposit to their bank account.

Eligible individuals living in any state may use Free File to prepare and file their Federal tax returns. In addition, 21 states also participate in state versions of Free File and eligible individuals in the following states may use Free File to file both Federal and state tax returns for free: Alabama, Arkansas, Arizona, Georgia, Idaho, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Missouri, New York, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, Vermont, Virginia, and West Virginia. (For non-participating states, taxpayers may still be able to take advantage of the preparation and filing service to file their state tax return for a fee.)

Two companies offer their Free File tax preparation program in Spanish for preparing and filing Federal taxes. One company also offers the Spanish version of the software for preparing and filing the following state income tax returns: California, Michigan, New York, Pennsylvania, and Montana.

Taxpayers using Free File on a public computer, such as at a One-Stop Career Center or library, need not worry about private and confidential information being stored on the public computer's hard drive. All information is stored on-line on the servers of each individual Free File company. No information is stored on computer hard drives when filing on-line. Users may access their tax return at any stage of preparation with a user name and password from any Internet-enabled computer. Personal financial information is transmitted to the IRS by the Free File companies using the latest encryption technology.

To take advantage of Free File:

- Eligible participants should go to www.freefile.irs.gov and click on the “Get Started” tab at the top of the page. This page identifies the documents and types of information that individuals will need to complete their returns.
- Once individuals are ready to prepare their taxes, they should click on the “Get Started with Free File” link and they will be directed to the IRS.gov Free File page at www.IRS.gov/freefile.
- Select “Get Help Finding a Free File Company.” Users will need to select which of the tax preparation programs they want to use to complete and e-file their returns. By answering a few simple questions, the IRS will help users select the best of the 16 tax programs for their situation.

To determine if taxpayers are eligible for free on-line state tax preparation and e-filing through the 21 state Free File programs, they should go to www.freefile.irs.gov/get-more-information.html and click on the link for their state under “Free State Filing” for a list of free state offers in each Free File state.

5. **Other Tax Preparation Resources.** Other free tax preparation resources available to low and moderate income individuals include the IRS *Volunteer Income Tax Assistance Program (VITA)* and the *Tax Counseling for the Elderly Program (TCE)*. The VITA Program offers free tax preparation help to people who cannot prepare their own tax returns, and whose income is generally less than \$49,000. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls, some One-Stop Career Centers, and other convenient locations. Most locations also offer free electronic filing and some offer assistance with Free File. To locate the nearest VITA site, call 1-800-906-9887 or check the partial VITA site list on-line, <http://www.irs.gov/individuals/article/0,,id=219171,00.html>. (This list does not include every VITA site.)

The TCE Program provides free tax counseling and basic income tax return preparation to people, aged 60 and older, using trained volunteers from non-profit organizations. As part of the IRS-sponsored TCE Program, AARP also offers a tax counseling program at more than 7,000 sites nationwide during the filing season for older individuals. For more information on TCE, call 1-800-906-9887. To locate the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's Web site at http://www.aarp.org/money/taxes/aarp_taxaide/.

6. **Action Requested.** ETA encourages state and local area workforce agencies and service providers to spread the word about these tax preparation resources to customers and other partner organizations that reach low and moderate income individuals. The Free File microsite, www.freefile.irs.gov, on the IRS Web site provides a number of useful promotional materials, including downloadable brochures and posters, fact sheets, frequently asked questions, social media tools, public service announcements, and a number of other resources. One-Stop Career Centers should make use of these materials where possible, hang up posters in their centers, and become familiar with the Free File Web site in order to share information about this service with center customers. Access the array of Free File promotional materials at: <http://www.freefile.irs.gov/spread-the-word.html>.

Printed Free File brochures and posters may be ordered from the IRS National Distribution Center by calling 1-800-Tax-Form (1-800-829-3676). The Free File brochure, Publication 4821-A, is available in English and Spanish. The Free File 11x17 poster, Publication 4909, is available in English.

ETA requests that service providers call the VITA and TCE Program phone numbers listed above to identify VITA and TCE Program sites in their local area, and make this information available to customers and partners. While promotional materials for these programs are not available on-line, ETA encourages service providers to create a handout or posting about these important programs.

7. **Inquiries.** For Free File, questions may be directed to each individual tax software company's customer support desk. Phone numbers and contact information will be available to Free File users once they have selected a tax preparation company and begin their tax return. Inquiries for VITA and TCE Programs should be directed to the numbers provided above.

8. **Attachment(s).** Frequently Asked Questions (FAQs) About Free File.



IT'S FAST. IT'S SAFE. IT'S FREE.



IRS.gov

Frequently Asked Questions (FAQs) about Free File

What is Free File?

Free File is a free service that offers free federal tax preparation and e-file options for all taxpayers. Free File is made possible through the Free File Alliance, LLC, a public-private partnership between the IRS and commercial tax software companies. All taxpayers have a Free File option.

Who can use Free File?

Everyone can use IRS Free File. If your adjusted gross income was \$58,000 or less in 2010, use brand-name software to do your taxes for free. If your income was more, use Free File Fillable Forms. Both options allow taxpayers to prepare and e-file their taxes for free.

Why should I use Free File?

Taxes can be, well, taxing. Free File does the hard work for you. There's no need for you to be a tax expert. Software provides step-by-step guidance. You get a more accurate tax return. It helps you get the tax credit and deductions you're due. And, you can transmit your return electronically for free with IRS e-file. Best of all, if you use e-file and select direct deposit, you can get your refund in as few as 10 days.

How do you get started?

To learn more about Free File and your free filing options, visit our website at freefile.irs.gov. Once you're ready to file your federal taxes, you'll be directed to the IRS.gov Free File page at www.irs.gov/freefile, where you can choose a company or let us help you choose which program is best suited to your needs.

Will Free File help me choose which program is best for me?

Yes. There are 20 software companies that participate in the Free File Alliance. Each company has unique offerings, so you can find the program that works best for you. Select "Help me choose a company" at www.irs.gov/freefile. By answering a few simple questions, the IRS will narrow your options and direct you to the best software program for your situation.

Are there free state tax-filing options?

IRS Free File is for the preparation and filing of federal taxes. There are currently 21 states that offer free state tax preparation and filing options.

What is AGI?

Adjusted Gross Income (AGI) is the amount of household income after certain deductions. For a list of eligible deductions, please reference www.irs.gov.



IT'S FAST. IT'S SAFE. IT'S FREE.



IRS.gov

What information do I need before I get started?

Make sure you have your W-2s or 1099s plus records for any deductions. There is a full list of all documents and information you may need to complete your taxes available at www.irs.gov.

What if this is my first-time filing federal taxes?

Free File is great for first-time filers. Software guides you, helps find tax breaks and e-files your federal return—all for free. Get started at www.irs.gov/freefile.

What is e-file?

IRS e-file is the highly secure way to transmit your federal tax return to the IRS. It uses the latest encryption standards to safely and securely protect your personal data. Learn more about e-file at www.irs.gov/efile.

Why should I e-file?

IRS e-file is the most popular way to transmit your tax return. More than 70 percent of taxpayers e-filed last year. It's safe and secure. It's more accurate. If you e-file and select direct deposit, you can get your refund in as few as 10 days. If you owe taxes, you can file now and pay by April 18. You should opt for e-file whether you use software or a paid tax preparer.

Is there contact information if I have additional questions?

For questions, please contact Nancy Mathis, Free File Brand Manager, at 202-622-3005, or e-mail Nancy.Mathis@irs.gov.

What is the Free File Alliance?

The Free File Alliance, LLC is a group of industry-leading, private-sector tax preparation companies that have agreed to meet the IRS' high standards for security and privacy and provide tax software options for free.*

**The IRS does not endorse any individual Free File Alliance company. While the IRS manages the content of the Free File pages accessible on IRS.gov, it does not retain any taxpayer information entered on the Free File site.*