

TRAINING AND EMPLOYMENT NOTICE	NO. 30-11
	DATE February 22, 2012

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 /s/
Assistant Secretary

SUBJECT: Free File and Other Resources for Free Income Tax Preparation and Filing,
Tax Year 2011

1. **Purpose.** This Training and Employment Notice 22-10 is 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 2011.
2. **References.**
 - Training and Employment Notice (TEN) 22-10, Change 1, *Free File and Other Resources for Free Income Tax Preparation and Filing.*
3. **Background.** The due date for filing Federal income taxes is April 17, 2012, with state tax returns often due around the same time. Perceiving tax preparation to be challenging and complex, many Americans pay for professional assistance in filing their returns. For low-to-moderate income individuals and households, it is critical that important deductions and credits available to the individual or family, such as the Earned Income Tax Credit (EITC) or _____, are noted. In addition, electronic filing (e-filing) should be encouraged as returns are processed significantly faster through e-filing as compared to paper filing.

The IRS has a number of excellent, free resources available to assist low-to-moderate income individuals and families prepare and electronically 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.irs.gov/freefile) is a public-private partnership between the Internal Revenue Service (IRS) and a number of electronic tax software companies that provides free online Federal tax preparation and e-filing services to millions of low-to-moderate income taxpayers. Taxpayers have given IRS Free File program a 98 percent customer satisfaction rating in consumer survey research. According to the Office of Management and Budget, the Government Accountability Office, and the U.S. Department of Treasury, Free File has saved the IRS over \$104.8 million in paper processing by converting these to e-filed returns.

An estimated 70 percent of all taxpayers meet the income eligibility criteria for using Free File—an adjusted gross income (AGI) of \$57,000 or less in tax year 2011. This limit applies to the AGI reported on an individual’s tax return, even if filing jointly with a spouse. The income limit was lowered from \$58,000 in tax year 2010.

For individuals who do not meet the income eligibility requirement, Free File includes forms which enable all taxpayers to manually enter their Federal tax data and e-file their Federal return directly to the IRS for free. However, these taxpayers will not have the benefit of using tax preparation software.

Individuals who do meet this income eligibility requirement may use one of the 15 participating tax preparation software programs to prepare and e-file their taxes. The online 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, HCTC, child care credits, and elder care credits. Refunds may be available in as little as 10 days for taxpayers who file electronically and request direct deposit to their bank account; 90 percent of taxpayers will receive their refund within 21 days. To check the status of a refund, taxpayers can access the “Where’s my refund” link at <https://sa1.www4.irs.gov/irfof/lang/en/irfofgetstatus.jsp>.

Eligible individuals living in any state may use Free File to prepare and file their Federal tax returns. In addition, for tax year 2011, 22 states are participating 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, Indiana, 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.)

In addition to English, some companies offer Free File tax preparation program in Spanish for preparing and filing Federal taxes. Additional information on Free File tax preparation in Spanish can be found at <http://www.freefile.irs.gov/es/>.

To take advantage of Free File:

- First-time users are encouraged to go to www.irs.gov/freefile and click on the video link for a brief introduction to Free File. Instructions on how to get started are provided in the video.
- Eligible individuals may also go to www.freefile.irs.gov and click on the “Get Started” tab at the top of the page. This page provides additional preparation and guidance, and directs the user to the www.irs.gov/freefile page when they are ready to get started.
- www.irs.gov/freefile directs users to “Choose a Free File Option,” and offers a tool that will help users, after answering a few simple questions, to select the best available tax program. To get started, click on the “Get Help Finding a Free File Company” link.

To determine if taxpayers are eligible for free online state tax preparation and e-filing through the 22 state Free File programs, go to www.freefile.irs.gov/get-more-information.html and click on the link 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 for low-to-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 for people who cannot prepare their own tax returns, and whose income is generally less than \$50,000. 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 access an online directory for free tax preparation help at <http://irs.treasury.gov/freetaxprep/>.

The TCE Program provides free tax counseling and basic income tax return preparation for people 60 years 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 website 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-to-moderate income individuals. The Free File microsite, www.freefile.irs.gov, on the IRS website provides a number of useful promotional materials, including downloadable brochures and posters, fact sheets, Frequently Asked Questions (FAQs), social media tools, Public Service Announcements, and a number of other resources. The Free File brochure (Pub 4948) and Free File 11x17 poster (Pub 4909-A) are available in both English and Spanish. 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 website 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/partners.html>.

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 online, ETA encourages service providers to create a handout or posting about these important programs.

7. **Inquiries**. For general questions about Free File, contact the IRS at 1-800-829-1040. Specific questions about Free File 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 \$57,000 or less in 2011, use brand-name software to do your taxes for free. If your income was higher, 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. A variety of software companies 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 more than 20 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.



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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. Nearly 80 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 17, 2012. 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 email Nancy Mathis, brand manager, at 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.*