



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FOR IMMEDIATE RELEASE
July 31, 2002

2002-52

Proposed New Agreement Allows 78 Million Americans to File Taxes Online at No Cost

O'Neill, Daniels hail e-filing partnership as step in right direction

Washington, DC –As many as 78 million Americans will be able to file their taxes online at no cost next year thanks to a proposed new agreement announced today by the Department of the Treasury and Office of Management and Budget (OMB). The agreement provides easier, secure, and free opportunities for Americans to file their taxes via the Internet. The text of the proposed agreement will be published in the Federal Register and is attached.

“Our current tax code is needlessly time consuming and confusing. We need to make it easier to understand and easier to comply. This new e-filing partnership is one positive step forward. We’re taking advantage of technology to reduce the cost and the hassle of filing for millions of taxpayers,” stated Treasury Secretary Paul O’Neill.

“Paying taxes is burden enough. It’s our duty to do anything we can to make the process simpler and easier,” said OMB Director Mitchell E. Daniels, Jr.

According to the proposed agreement, a consortium of private sector companies will work together to offer free online tax filing services, an option that could benefit some 60 percent of taxpayers. Taxpayers will find links to the online tax filing services through a single, centrally-located Web portal at www.irs.gov and available through www.firstgov.gov.

The proposed agreement will produce significant advantages for both citizens and their government.

- 78 million will no longer have to pay to file their tax returns online. Currently, taxpayers who choose to file online can pay an average of \$12.50 in filing fees in addition to the cost of purchasing tax preparation software.
- Taxpayers who file electronically will get their refund checks twice as fast on average as those who file on paper.
- Electronic filing reduces government processing costs and improves efficiency.

The terms of the proposed agreement will be published shortly for public comment. After a 30-day comment period, all suggestions will be reviewed. The new free tax filing consortium Web page is slated to be online by December 31, in anticipation of the 2003 filing season.

This project fulfills one of the President Bush’s 24 E-government initiatives and was proposed in his February 2002 budget. The President also proposed a 15 day filing extension for all taxpayers who file electronically, including those under this initiative. That proposal awaits final Congressional action.

E-government is an integral part of the President’s Management Agenda to make it easier for citizens and businesses to interact with the government, save taxpayer dollars and streamline citizen-to-government transactions. A copy of the president’s E-government strategy, which includes information on each of the 24 E-government initiatives, is available on the OMB Web site at www.omb.gov.



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

July 31, 2002

**STATEMENT OF IRS COMMISSIONER CHARLES O. ROSSOTTI
ON THE E-FILE PARTNERSHIP'S PROPOSED AGREEMENT**

The IRS welcomes this important development. This proposal holds promise for giving millions of taxpayers free access to e-filing.

The plan represents another significant step in the government's e-filing effort, which is a major success of IRS modernization.

As 46 million filers discovered this year, e-filing is fast, accurate and dependable. Today's announcement should help many more citizens take advantage of e-filing.

In the months ahead, the IRS will continue working cooperatively with our private sector partners companies on behalf of the taxpayers.