



## **Things You Should Know About Free Online Tax Filing Offers**

***Sometimes Free Means Free ...*** The military is one of the strongest partners in the IRS Volunteer Income Tax Assistance (VITA) Program. Most installations have a tax assistance center staffed with trained military members or volunteers and will provide **free tax assistance**, to include electronic filing. At a military tax assistance center, you can have your taxes prepared by trained volunteers, electronically filed, and if you choose direct deposit, receive your refund within 7-10 days. All of these services are free to any person having a valid military identification card. Call your local legal assistance office to find out about the tax center closest to you. ...

***And Sometimes It Doesn't*** The IRS and the Free File Alliance, a private-sector consortium of tax software companies, has formed a partnership to help taxpayers electronically prepare and file their federal tax returns for free. Each Free File Alliance member sets taxpayer eligibility requirements for its program and the requirements differ from company to company. Generally, eligibility will be based on factors such as age, adjusted gross income, state residency, military status or eligibility to file a Form 1040EZ or for the Earned Income Tax Credit. **Not all taxpayers will be eligible for these free services. Even though the initial offer is for free on-line tax preparation there may be additional fees charged for electronic filing, for preparation of state tax returns, or for tax assistance if you have questions about your return.**

Additionally, these companies may offer additional services or products for purchase. **You are under no obligation to buy any additional services.** During the course of preparing your free file tax return, you may choose to browse other products and services that some companies may provide for a fee. The decision to buy these services is entirely up to you. For example, a company may offer you an Individual Retirement Account (IRA), a mutual fund or other investment related product, or a Refund Anticipation Loan (RAL) for a fee. Since a RAL is a loan from a bank in partnership with a tax preparer, it must be repaid **even if** the IRS denies or delays your refund, or your refund is smaller than expected. Although you may be tempted by tax-time advertisements for "Fast Cash Refunds," "Express Money," or "Instant Refunds." These ads offer to get you your refund in just a day or two, or even on the spot but beware; many of these "fast refunds" are really LOANS (RALs). If you file your taxes electronically and elect to have your refund deposited directly into your bank account, you should receive your refund within 7-10 days so paying the extra fee for a RAL is unnecessary.

**Make sure that you read the free file offer carefully to make sure you are not going to be obligated for other fees.** Additionally, if the company offers other products or services, you do not need to buy them as a condition for preparing and E-filing your federal income tax return for free. As long as you meet the company's free offer criteria, you may simply prepare and E-file your federal return for free. Also, the IRS does not endorse Refund Anticipation Loans (RALs) or any other advance refund banking products. You are under no obligation to use Refund Anticipation Loans or purchase any product from the participating company (Some participating companies do not offer such services). Obtaining a fee-based product is a decision left to the individual taxpayer.

***Online Resources*** The IRS provides useful information to service members and dependants who want to file their taxes on-line. To access this information:

Go to the IRS Web site at <http://www.irs.gov/>. At the homepage, you will be able to link to the Free File Web page that lists the Free File Alliance members and their free services. Free File Home - Your Link to Free Online Filing

At the Free File page, you can browse the summary of each Alliance member's offering or use the Free File Wizard, a questionnaire which helps match your circumstances with companies' services.

Each Alliance member identifies its company name and has a simple description of the criteria for using its free service. Each Alliance member will also have a link to additional information about the company and its services.

The Wizard will seek to match you to those Free File Alliance members for whose services you may qualify. The accuracy of results depends on the accuracy of the information that you provide.

When selecting a company for the first time, make certain that you access the company's Web site through the IRS Web site. If you choose to access the company's Web site directly, even if you qualify for their free offer, you may not remain eligible for the free service. **You may exceed eligibility criteria after selecting a company** If you do not qualify for the selected company's free offer, **but continue with the preparation and e-filing process with this company, please be aware you will be charged a fee for preparing and e-filing your federal tax return.** It is important you understand each of the company's eligibility criteria before selecting a company. You may find the fee by looking under "more details" next to the company's description on the Free File pages. **Make sure to carefully read the company's free file offer to ensure that no additional fees will be charged** you may want to check other free file company offers.

**You need the following information to determine if you qualify:**

- (1) Age and your spouse's age (if applicable)
- (2) Your Adjusted Gross Income (AGI) -Adjusted gross income is defined as gross income minus adjustments to income. For more details, see the Instructions for Form 1040 by accessing the IRS web site at <http://www.irs.gov/pub/irs-pdf/i1040.pdf> or you may want to refer to the Form 1040, <http://www.irs.gov/pub/irs-pdf/f1040.pdf>.
- (3) State of Residence
- (4) All Form W2, Wage and Tax Statements (If married filing jointly – all W2s for you and your spouse)
- (5) All active armed forces, federal reservist and National Guard personnel are eligible for Free Filing. Veterans and retirees are not automatically eligible. You or your spouse must have a 2003 Form W2, Wage and Tax Statement from one of the military services.

Once you chose an Alliance member, you can prepare your tax return using the member's online proprietary software. Completed tax returns will be sent electronically from the Alliance member to the IRS through IRS's existing e-file system using secure telephone lines. You will receive an acknowledgement of receipt or rejection of their return by e-mail from the Alliance member.