



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

FOR IMMEDIATE RELEASE
JANUARY 9, 2003

CONTACT: Jonathan Collegio
202-785-0266

IRS to Poor: You Have No Privacy

Agency Wants to Flag Returns of Low-Income Taxpayers

WASHINGTON – The Internal Revenue Service (IRS) this year plans to flag the returns of taxpayers who use the Free File program, a cooperative effort between the government and the tax filing industry to offer free electronic tax filing service to needy taxpayers. The IRS claims it simply wants to gather routine information for the sake of expanding electronic filing, but privacy advocates aren't so sure.

As it currently stands, 17 tax filing companies belong to the "Free File Alliance," an industry group that entered into an agreement with the IRS to provide their services to underserved taxpayers free of charge, in exchange for the IRS not offering its own taxpayer-subsidized electronic filing service. However, the IRS is now asking those companies to flag the returns of those taxpayers who have received free services. Since Free File applies to disadvantaged taxpayers, the perhaps unintended implication is that the financial privacy and confidentiality of the poor is less important than that of other taxpayers.

"This is a cheap, underhanded move by the IRS," said Grover Norquist, taxpayer advocate and president of Americans for Tax Reform. "What the IRS is really trying to do is come up with statistics showing that there's a need for free electronic filing out there, so that they can break their agreement with the private sector and offer their own electronic filing service – yet another government venture into a market already well-served by the private sector. Meanwhile, needy taxpayers will get to be segregated and profiled by an agency with a track record of harassment."

The relationship of trust and confidentiality between service providers and customers being of utmost importance, several companies either refused to comply with the IRS' request or withdrew from the program altogether.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.