



NEWS

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Rep. Istook Cautions IRS on Electronic Filing

*Treasury Appropriations Chairman Outlines Subcommittee's Expectations for Free File
Alliance Program*

WASHINGTON – Rep. Ernest Istook (R-Okla.), Chairman of the House Subcommittee on Transportation, Treasury and Independent Agencies, sent a letter to Treasury Secretary John Snow and Internal Revenue Service (IRS) Commissioner Mark Everson outlining his subcommittee's expectations for the IRS as part of the "Free File Alliance," a cooperative agreement between the government and the electronic tax filing industry to provide free e-filing to underserved taxpayers.

Seventeen tax filing companies belong to the Free File Alliance, having 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. This program is part of a larger goal of achieving a target of 80% e-filing of all personal tax returns by 2007.

Istook's letter focused on three major expectations the subcommittee had of the IRS:

- 1) The Free File program must be restricted to underserved taxpayers, and not expanded to offer a taxpayer-funded free-for-all that would destroy the electronic tax filing industry.
- 2) The IRS should ensure that the identity, privacy and confidentiality of the taxpayer's free return preparation and e-filing transaction are fully protected.
- 3) The Department of the Treasury and the IRS must ensure that each of the participating companies have the necessary business credentials, strong track records of service, corporate integrity, and financial and technical capabilities, in which the taxpayers can have confidence.

"Chairman Istook is right on the money," said Grover Norquist, taxpayer advocate and president of Americans for Tax Reform. "The Free File Alliance is a real example of good faith among the electronic filing industry, by serving the needs of disadvantaged taxpayers at their own expense. It is essential that the IRS and Treasury ensure that the good faith of these companies is not abused by overreaching or privacy encroachments by the federal government. The success of the program depends on it."

Chairman Istook sent his guidelines last November. So far, neither the Department of the Treasury nor the IRS has responded.

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.