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The Internal Revenue Service and Free File Inc., also known as the Free File Alliance, have made a five year agreement to provide free, federal tax preparation software products for 70 percent of all taxpayers.

The new agreement opens the door for innovations such as importing prior year information and requests for additional options for free state tax returns so that

taxpayers have a seamless experience. It also provides greater transparency regarding

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“Free File offers considerable savings to those who need it the most and remains an important part of our expanding array of online resources for taxpayers,” said IRS Commissioner John Koskinen. “All taxpayers can benefit from the partnership between the IRS and the Free File Alliance through either Free File software or Free File Fillable Forms.”

“Working with the IRS, the Free File Alliance has dutifully served American taxpayers for 13 years, providing over \$1 billion in free tax software,” said Tim Hugo, executive director of the Free File Alliance. “By making industry-leading tax software available at no cost, Free File has introduced millions of Americans, many of whom could not otherwise afford tax software, to the efficiency and ease of e-filing. The program has continually advanced the IRS’s e-filing initiative, while meeting a critical need, and we look forward to continuing this important service well into the future.”

The goal of negotiations between the IRS and the Alliance was to improve the taxpayer experience when using Free File. For example, companies will be encouraged to import prior year tax return information to make tax preparation easier and import available information returns, such as Forms 1099.

As part of the agreement, the Alliance agreed that it would ensure free federal and free state returns from IRS.gov for the 21 states plus District of Columbia that currently have their own partnerships with Alliance members. Alliance members would not be required to provide free state returns for all 50 states; however, some do so now.

There also will be more information on IRS.gov about the Free File states and which companies offer free state tax preparation. Companies that charge for state tax preparation must also clearly display their fees on their landing pages.

Companies also can expand their Free File offers to active duty military personnel beyond the income cap set for other taxpayers. As part of the agreement, the IRS will

not develop a direct file return program of its own.

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