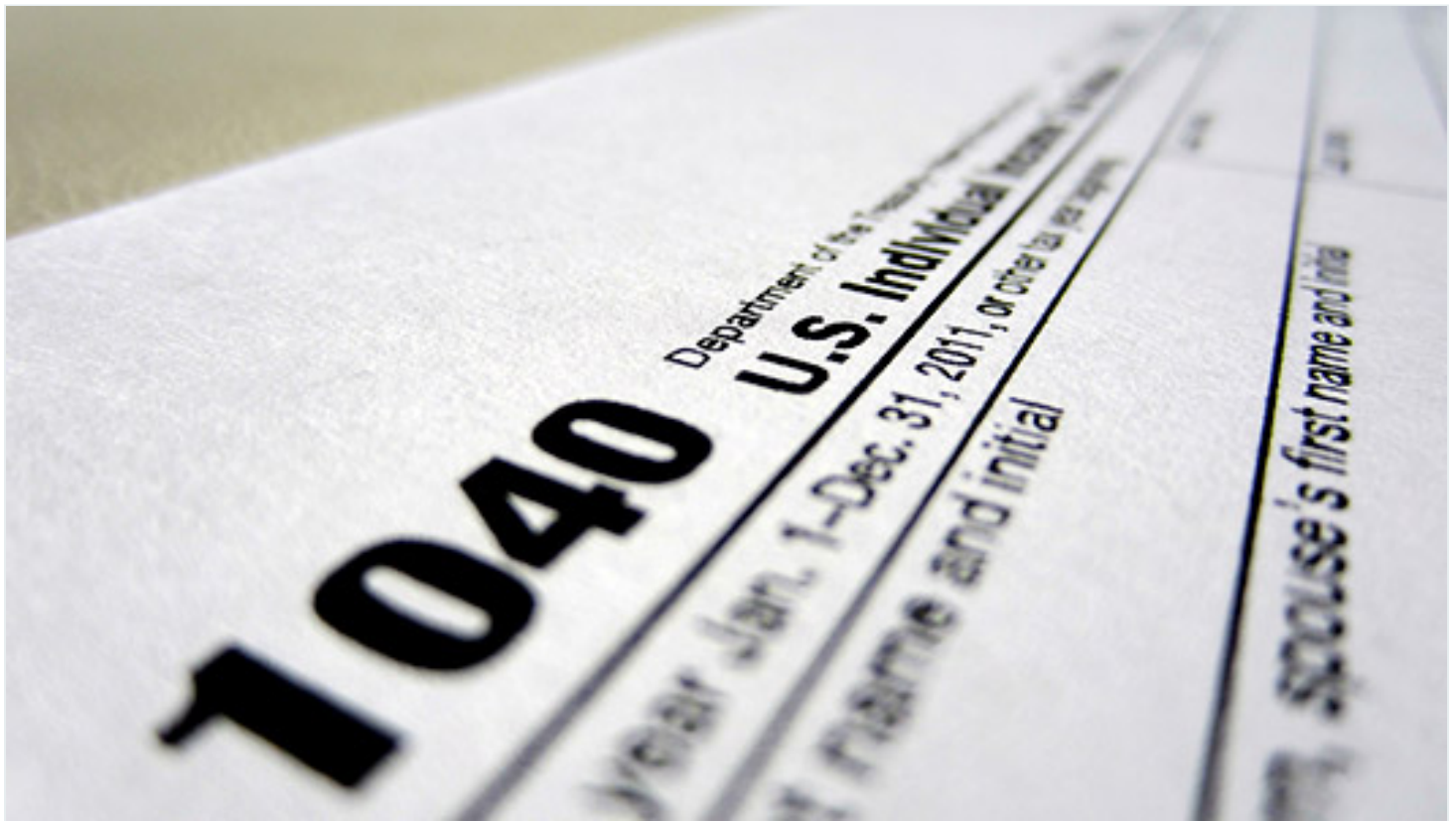


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Hampshire, Nevada, New York, South Dakota, Tennessee, Texas, Washington, and Wyoming — will have access to a new program from the IRS called Direct File.

Jan. 29, 2024



By Jon Healey, Los Angeles Times (via TNS).

It's back to regular IRS deadlines this year, but with a new tool for many low- and moderate-income households: a service that will prepare and file their tax returns online for free.

Starting later this year, taxpayers in 12 states — Arizona, California, Florida, Massachusetts, New Hampshire, Nevada, New York, South Dakota, Tennessee, Texas, Washington, and Wyoming — will have access to a new program from the IRS called

Direct File. Unlike the free filing options the IRS provides through third parties or the

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limited types of ways. For example, Direct File is not for you if you have income from a business you own, subcontracting work or gig-economy jobs.

Regardless of how you do your taxes, you won't have an automatic extension of the deadline for filing your 2023 return — at least not yet.

Because of the damage caused by winter storms last year, most taxpayers in California [had until mid-November](#) to complete their 2022 returns and pay what they owed. There have been no federal disaster declarations in California thus far, so the deadline for filing your federal and state returns for 2023 remains April 15.

If you're entitled to a refund, tax experts say, you should file your return as soon as possible. Otherwise, you're just lending interest-free money to the federal government.

Here's what you need to know about Direct File.

Who will have access to Direct File?

The IRS is rolling out the program slowly to try to work out the kinks before releasing it to the general public. In addition to limiting access to taxpayers in the 12 states, it will make Direct File available at its Monday launch only to people who've been invited to test the system.

“Using a phased approach like this means that the pilot [will not be available to all eligible taxpayers](#) immediately when the IRS begins accepting federal tax returns” on Monday, the agency said on its website. According to the San Francisco Chronicle, the agency expects to open the program to more taxpayers [by mid-March](#).

You'll be able to sign up on [the IRS' Direct File site](#) for an alert telling you when the program is available to you.

Who can use Direct File?

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other dependents, the standard deduction, and the deductions for student loan interest payments and educators' classroom and professional development expenses. If you're able to claim other credits and deductions, such as those for foreign taxes paid, child care or retirement savings, or if you cut your tax bill by itemizing deductions (for example, if you have sizable medical expenses), Direct File would not be a good choice.

The forms and chat help are available in English and Spanish.

How do you use Direct File?

The program runs online only; you'll need a smartphone, tablet or computer to access it. And to get started, you'll need to prove to the IRS that you are who you say you are.

The only way to do that this year will be to use the identify verification service ID.me. ID.me takes a scan of your government-issued picture ID, such as your driver's license or passport, then uses facial-recognition software to match your image from a live chat session or a new selfie against the stored photo. ID.me has raised concerns among some critics, who say it poses too great a threat to privacy and security.

Once you've established your identity, the program will check your eligibility, then guide you as you enter information about your income, credits and deductions. You don't need to download any software, the IRS said; instead, your entries will be saved online, and you'll be able to pause and resume later without having to start over.

The program's question-and-answer approach means you won't have to know which forms to fill out or where on the forms to enter your information. Instead, the program will handle those details for you. That sort of virtual hand-holding is similar to what you'd get by using commercial tax preparation software.

Can you fill out your state tax return through Direct File?

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The IRS already offers its Free File service to taxpayers whose [adjusted gross income](#) — that is, income minus certain deductions, including retirement savings contributions and student loan interest payments — was \$79,000 or less in 2023. Unlike Direct File, taxpayers with earnings from self-employment, their own businesses, investments or gig work are eligible, as long as they meet the income limits.

There is a version of Free File that lets you [fill out forms directly online](#), with no guidance from the IRS. The more accessible version, though, connects you to any of [eight online tax-preparation services](#), which will help you prepare your return for free.

In addition, the AARP Foundation [Tax-Aide](#) and the IRS-sponsored [Volunteer Income Tax Assistance](#) program can connect you to a volunteer tax preparer who will do your tax return for you or help you do it yourself, at no charge to you. These services provide tax preparation or guidance only to low- and moderate-income taxpayers who meet the income limits, or who have disabilities or limited English proficiency.

Intuit's TurboTax and H&R Block also make free versions of their tax preparation and filing software available online. There's no income limit, but the services work only with basic returns that demand little more than a 1040 form. That would exclude anyone with income or losses from a small business, for example, or whose investments pay more than \$1,500 in dividends.

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