Department of the Treasury
October 2, 2025

Report on the Replacement of Direct File

Report to Congress

Section 70607 of Public Law No. 119-21 (the One, Big, Beautiful Bill Act or "OBBBA") directs the Department of the Treasury to evaluate alternatives to Direct File. This report fulfills this requirement.

Table of Contents

Section I: Executive Summary

American taxpayers have access to several options for free income tax return preparation and filing, including longstanding public-private partnerships and in-person volunteer programs.

Under the prior Administration, the Internal Revenue Service (IRS) created an option for eligible taxpayers to file their federal individual income tax return online directly with the IRS at no direct cost to the user. First launched as a pilot program for tax year 2023, Direct File was available to taxpayers in 12 states. At the conclusion of the pilot program, a total of 140,803 returns had been filed by users and accepted by the IRS.[1] For tax year 2024, Direct File was available to taxpayers in 25 states, and, as of April 20, 2025, a total of 296,531 returns had been filed by users and accepted by the IRS.[2]

Direct File had low overall participation and relatively high costs and burdens on the federal government, compared to other free filing options. For tax year 2024, returns submitted using Direct File constituted less than 0.5 percent of the approximately 146 million returns filed. Direct File had a cost to the federal budget of at least $41 million for tax year 2024 returns, or a cost of at least $138 per return accepted through Direct File.[3] Because not all agency support functions were included in the cost of Direct File, the $41 million understates the true costs of developing, administering, and supporting Direct File for tax year 2024. Direct File's complexity and technical demands also diverted IRS resources from other core priorities. Meanwhile, successful, longstanding programs, such as Free File (which already covers a broader eligibility population than Direct File and operates at little cost to the government), were not fully promoted or optimized during this period.

Congress directed in section 70607 of the One, Big, Beautiful Bill Act ("OBBBA") (Public Law 119-21) the Department of the Treasury (Treasury) to report on (1) the costs of enhancing public-private partnerships that provide tax free filing for up to 70 percent of all taxpayers and to replace any direct e-file programs run by the IRS; (2) taxpayer opinions and preferences regarding a taxpayer-funded, government-run service or a free service provided by the private-sector; (3) an assessment of the feasibility of a new approach, how to make the options consistent and simple for taxpayers across all participating providers, and how to provide features to address taxpayer needs; and (4) the costs of building and operating a free government-run direct e-file system, including options for differential coverage based on taxpayer income and return complexity. This report is submitted pursuant to this statutory requirement.

The report reviews all major free filing options available for tax year 2024, including the Volunteer Income Tax Assistance (VITA) program, Tax Counseling for the Elderly (TCE), Free File, Free File Fillable Forms, Direct File, and commercial providers' free products, and addresses the extent to which these programs also provide support for filing state income tax

[1] Internal Revenue Service. "IRS Direct File Pilot Program Filing Season 2024 After Action Report." May 3, 2024. Page 16. https://www.irs.gov/pub/irs-pdf/p5969.pdf. Last accessed September 26, 2025.
[2] Internal Revenue Service. "IRS Direct File Filing Season 2025 Report." May 13, 2025. Page 19. https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025.
[3] Internal Revenue Service. "IRS Direct File Filing Season 2025 Report." May 13, 2025. Page 42. https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025.

returns.[4] The report incorporates certain survey data on taxpayer preferences and behavior, highlighting both the continued interest in free filing options and the persistent lack of awareness of existing options.

The report announces that the IRS will suspend Direct File. The report recommends refocusing IRS efforts on strengthening existing free filing programs, particularly Free File, while engaging stakeholders to modernize and promote awareness of Free File. The report announces that Treasury and the IRS will take the following actions:

- Conduct an updated taxpayer survey on preferences over different filing options that addresses methodological and other challenges present in earlier surveys;
- Convene a Free Filing Modernization Summit;
- Create a common understanding of a "free return" across all filing options available to taxpayers;
- Collect more robust usage data from software providers; and
- Develop a supplemental report to Congress, including updates based on the actions listed above.

This path forward aims to increase awareness of and access to free filing services in a cost-effective way that better serves taxpayers' interests without imposing unsustainable burdens on the government.

Section II: Overview of Free Tax Preparation and Filing Programs

American taxpayers have access to a range of free income tax preparation and filing options delivered by the private sector, the IRS, and longstanding public-private partnerships. These services differ in delivery method—from in-person assistance to guided online do-it-yourself tools—and in eligibility, scope, and availability of state return preparation.[5]

This section summarizes how taxpayers prepared and filed their federal returns for tax year 2024 and provides an overview of the major free filing programs operated by, or in partnership with, the IRS: the VITA program, the TCE program, Free File, Free File Fillable Forms (FFFF), and Direct File.[6]

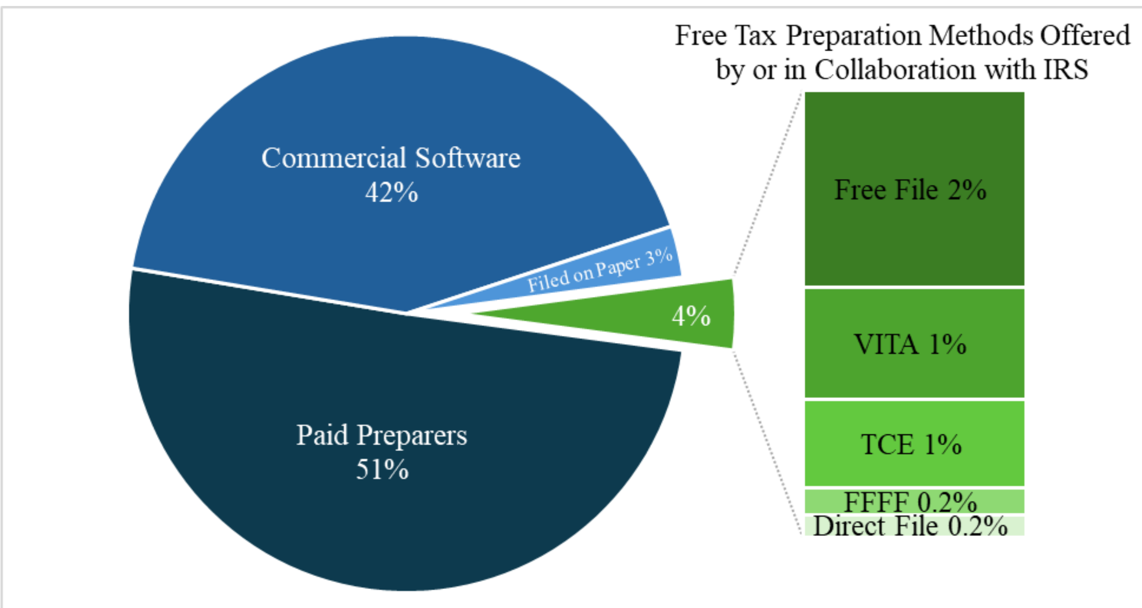
[4] Forty-one states and the District of Columbia require an income tax return.
[5] Tax filing has two components: 1) preparation of the federal and, as applicable, state individual income tax return, and 2) submission of the federal return to the IRS and, as applicable, the state return to the state tax authority. This report focuses primarily on the preparation component, as the programs analyzed here provide tax preparations services. Other IRS initiatives to change techniques of submitting returns, such as expanding electronic submission (*e.g.*, the IRS Zero Paper Initiative), are ongoing but beyond the scope of this report.
[6] The IRS also partners with Low Income Tax Clinics (LITCs). While LITCs may assist with preparing past-due returns, their primary role is providing tax representation services, which are beyond the scope of this report.

Federal Income Tax Preparation Methods for Tax Year 2024

As of August 1, 2025, taxpayers submitted approximately 146 million federal individual income tax returns for tax year 2024.[7] Of these, about 6.1 million returns (roughly 4 percent) were prepared and filed through IRS-run or IRS-affiliated free tax preparation programs. (See Figure 1.) Among these programs, VITA and TCE (together) were used most frequently, closely followed by Free File. Direct File, by contrast, had the lowest participation, despite significant efforts by the prior Administration to build support for Direct File. Figure 1 shows that 0.2 percent of tax year 2024 returns were prepared and submitted using Direct File. Limiting to filers residing in states that were covered under Direct File for tax year 2024, the share of returns prepared and submitted using Direct File was 0.3 percent.

The vast majority of taxpayers used commercial tax software or paid preparers to complete their returns. (See Figure 1.) While some commercial software providers offer free filing options, the IRS does not currently collect data on how many returns are filed with no out-of-pocket cost to the taxpayer. Addressing this data gap, along with the challenges associated with tracking free returns prepared outside IRS programs, is discussed later in this report.

Figure 1: By Preparation Method: Share of Tax Year 2024 Individual Income Tax Returns



Source: Department of Treasury graphic created based on analysis of administrative tax data for tax year 2024. Returns processed by August 1, 2025.

[7] Approximately 95 percent of tax year 2024 returns submitted were e-filed. Internal Revenue Service. "Filing season statistics for week ending May 9, 2025." May 16, 2025. https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-may-9-2025. Last accessed September 26, 2025.

Volunteer Income Tax Assistance Program (VITA) and Tax Counseling for the Elderly Program (TCE)

The VITA and TCE programs are longstanding IRS initiatives that provide, through partner organizations, free tax preparation services to low- and moderate-income and elderly taxpayers.[8] Together, they involve nearly 3,100 partner organizations and more than 76,000 IRS-trained and certified volunteers, many of whom are retirees, students, or community members seeking to serve their communities.[9]

VITA. The VITA program, established as an outgrowth of the Tax Reform Act of 1969 (Public Law 91-172), operates at more than 5,600 sites nationwide, often located in community centers, libraries, schools, churches, and similar facilities. While most services are provided in person, some partners also offer remote or virtual options.[10] VITA generally serves low- and moderate-income taxpayers with incomes below an applicable adjusted gross income (AGI) threshold, which was $67,000 for tax year 2024. Services vary by site depending on volunteer training and capacity, and some tax situations (such as those involving certain self-employment income, capital gains and losses, or children's unearned income) are generally outside the scope of services.[11] For tax year 2024, Treasury estimates that approximately 67 million tax units[12] were eligible for VITA, and 1.6 million returns were filed through the program as of August 1, 2025.

TCE. Started in 1978, the TCE program provides free tax help tailored to seniors, with priority given to taxpayers aged 60 and older.[13] In addition to preparing federal and state returns, TCE volunteers often provide counseling on pensions and retirement-related issues unique to older taxpayers.[14] TCE serves taxpayers nationwide at more than 3,900 sites, typically in senior centers, libraries, and other community locations. For tax year 2024, Treasury estimates that approximately 22 million tax units were eligible, and 1.2 million returns were filed through the program as of August 1, 2025.

---

[8] Internal Revenue Service. "Free tax return preparation for qualifying taxpayers." https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers. Last accessed September 26, 2025.

[9] Internal Revenue Service. IRS Publication 5437 (Rev. 7-2025). https://www.irs.gov/pub/irs-pdf/p5347.pdf. Last accessed September 26, 2025.

[10] Internal Revenue Service. "Tax Volunteers Support Taxpayers in Need." https://www.irs.gov/about-irs/tax-volunteers-support-taxpayers-in-need. Last accessed September 26, 2025.

[11] Internal Revenue Service. IRS Publication 4012-A (Rev. 2-2025). https://www.irs.gov/pub/irs-pdf/p4012a.pdf. Last accessed September 26, 2025.

[12] For purposes of this report, a tax unit is the individual or group of people who filed an income tax return with the IRS together. A tax unit is comprised of the primary filer, the secondary filer (if married filing jointly), and dependents claimed by the filer(s). A tax unit is distinct from a household, which is a group of people who live together under the same roof. A household may have more than one tax unit. For example, if a young adult lives with parents (who file a joint return) and has sufficient income to be required to file an income tax return separately from the parents, the household would have two tax units: the young adult and, separately, the parents.

[13] Internal Revenue Service. "Free tax return preparation for qualifying taxpayers." https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers. Last accessed September 26, 2025.

[14] *Id*.

Funding and Operations. TCE first received funding in the Revenue Act of 1978 (Public Law 95-600) through cooperative agreements with eligible organizations.[15] In 2007, Congress established a VITA grant program[16] to support training, equipment, staffing, and outreach.[17] While VITA requires partner organizations to provide a dollar-for-dollar match through cash or in-kind contributions in order to be awarded federal funds, TCE does not have this requirement. For fiscal year 2025, the IRS awarded $53 million in combined VITA and TCE grants to 41 TCE grantees and 315 VITA grantees.[18] The IRS also pays a tax software provider to license tax software, which volunteers use to prepare returns and to support assisted self-preparation in locations where taxpayers can complete their own returns with on-site help.

Limitations. Because grant funding cannot be used to hire professional preparers, such as certified public accountants or enrolled agents, both programs rely heavily on volunteers and serve only a fraction of those eligible. While grant funds may be used for reviewers,[19] more evaluation is needed to determine whether IRS should allow grantees to allocate funding toward professional preparers to expand the number of taxpayers served.

IRS Free File Program

The Free File program is a public-private partnership between the IRS and Free File, Inc. (FFI), a tax-exempt section 501(c)(4) social welfare organization.[20] First launched for the 2003 filing season, the program provides taxpayers with free access to commercial tax preparation software for federal return preparation and e-filing. The stated objective of Free File is to expand electronic filing and extend the benefits of online tax preparation to economically disadvantaged and underserved populations at no cost to individual taxpayers or to the Treasury.

The terms of the program are governed by a memorandum of understanding (MOU) between the IRS and FFI.[21] To focus the benefits of Free File to lower- and middle-income households, the MOU sets an annual income limit intended to make approximately 70 percent of taxpayers eligible to use Free File to file their federal income tax return.[22] In 2002, when Free File was

[15] Internal Revenue Service. "Tax Counseling for the Elderly." https://www.irs.gov/individuals/tax-counseling-for-the-elderly. Last accessed September 26, 2025.
[16] This grant program was made permanent through the Taxpayer First Act of 2019 (Public Law 116-25), which was codified in section 7526A of the Internal Revenue Code.
[17] Internal Revenue Service. IRS Publication 4671 (Rev. 5-2025). https://www.irs.gov/pub/irs-pdf/p4671.pdf. Last accessed September 26, 2025.
[18] Internal Revenue Service. "IRS announces 2025 grants for the Tax Counseling for the Elderly and Volunteer Income Tax Assistance Program." https://www.irs.gov/newsroom/irs-announces-2025-grants-for-the-tax-counseling-for-the-elderly-and-volunteer-income-tax-assistance-program. Last accessed September 26, 2025.
[19] The IRS VITA/TCE Program requires reviewers to review tax returns prepared by volunteer tax preparers before the return is finalized.
[20] Free File, Inc. is the successor to the Free File Alliance, the original partner.
[21] Ninth Memorandum of Understanding on Service Standards and Disputes (the "MOU"). https://www.irs.gov/pub/irs-efile/ninth-memorandum-of-understanding-on-service-standards-and-disputes.pdf; An April 30, 2024, Amendment to the Ninth Memorandum of Understanding extended the terms of the ninth MOU to October 31, 2029. https://www.irs.gov/pub/irs-wi/addendum-to-the-free-file-ninth-mou-2024.pdf. Both last accessed September 27, 2025.
[22] *See* Article 3.1 of the MOU.

created, the Department of Justice's Antitrust Division reviewed the arrangement and indicated it had no intention of challenging it at that time, implying that any material changes in structure or operations should be reexamined for compliance with antitrust laws.[23]

For tax year 2024, the AGI limit was $84,000. Taxpayers below this level could select from multiple participating software providers offering step-by-step assistance and standard security features at no charge. Each provider is permitted to impose additional criteria, such as age limits, military status, or lower AGI limits.[24] However, collectively, providers must make at least one federal return option available to all eligible taxpayers. State coverage is required only in states that participate in a State Free File Program,[25] and when state coverage is offered, income limits or scope restrictions may be more restrictive than at the federal level.[26] These variations sometimes lead taxpayers to perceive that Free File is "not truly free," since there may be a charge for state returns or taxpayers may not fully understand until after they entered their information that their tax situation is out of scope for their chosen provider. Although providers may charge for state filing, they are prohibited from charging for add-on services or engaging in other sales activity.[27]

Currently, eight companies participate in Free File. Providers are barred from offering other services to Free File users beyond federal and state return preparation and submission. Neither individual taxpayers nor the federal government pay for the software. Also, taxpayers must access Free File through IRS.gov, where an IRS tool matches them to participating providers based on eligibility factors, such as filing status, income, EITC eligibility, age, military status, and need for a state return.[28]

Free File regularly surveys users regarding customer satisfaction. In 2025, 85 percent of users reported they would recommend the program to others, and 98.4 percent said they would use it again.[29] For tax year 2024, Treasury estimates that approximately 98 million tax units were eligible to use Free File, and about 2.7 million returns were filed through Free File as of August 1, 2025.

---

[23] Letter from Charles James, Assistant Attorney General, Antitrust Division, Department of Justice, to Stephen Ryan, Manatt, Phelps, & Phillips, LLP (representing Free File Consortium) (Oct. 7, 2002).
[24] Internal Revenue Service. "Browse All 8 Trusted Partners." https://apps.irs.gov/app/freeFile/browse-all-offers/. Last accessed September 26, 2025. https://apps.irs.gov/app/freeFile/browse-all-offers/. Last accessed September 26, 2025.
[25] The MOU does not require the Free File Program to provide free state tax filing. FFI notifies states that it will offer a free state product if the state does not operate its own competitive filing program. Furthermore, the IRS is precluded from including state programs on the Free File website. *See* Article 4.21 of the MOU.
[26] Internal Revenue Service. "Browse All 8 Trusted Partners." https://apps.irs.gov/app/freeFile/browse-all-offers/. Last accessed September 26, 2025.
[27] *See* Article 4.32.5 of the MOU.
[28] Internal Revenue Service. "Choose a trust partner to file your taxes." https://apps.irs.gov/app/freeFile/browse-all-offers/. Last accessed September 26, 2025.
[29] These statistics are according to a written response by FFI.

Free File Fillable Forms Program

In partnership with FFI, the IRS also offers the Free File Fillable Forms program (FFFF). This option provides electronic versions of IRS paper forms with basic mathematical functions—but no guided assistance—making it best suited for taxpayers who are comfortable working directly with IRS forms, instructions, and publications.

FFFF is available to taxpayers regardless of income and supports most tax situations. The program does not include state tax return preparation, although some states provide similar services separately.

FFFF has relatively low usage compared to other free tax preparation programs, such as VITA, TCE, and Free File. For tax year 2024, as of August 1, 2025, approximately 400,000 tax returns were prepared and filed using FFFF.

IRS Direct File Program

The IRS Direct File pilot program was intended to explore a free, government-run tax preparation and filing service that guides eligible taxpayers in preparing, and allows such taxpayers to file, their federal income tax returns directly with the IRS. While various workstreams relating to the Direct File program began as early as 2021,[30] the pilot program launched for tax year 2023 returns, with the program expanding for tax year 2024 returns to serve taxpayers in 25 states.[31] Direct File was designed as a do-it-yourself tax preparation and filing tool with guided assistance.

Eligibility and Scope. For tax years 2023 and 2024, Direct File was limited to individual taxpayers with relatively simple tax situations. To qualify for tax year 2024, taxpayers had to live and work for the full year in one of the participating states. The system supported reporting of income from select sources, including:

- Form W-2 wages,
- Form SSA-1099 Social Security benefits,
- Form 1099-G unemployment compensation,
- Form 1099-INT interest income,
- Form 1099-R retirement income, and
- Form 1099-MISC Alaska Permanent Fund Dividend.

---

[30] In June 2025, the former IRS product lead for the Direct File program recounted its early history, including various workstreams related to the eventual pilot program that were undertaken by the government as early as 2021. *See* Chris Given, *Saying Goodbye* (June 4, 2025), https://chrisgiven.com/2025/06/saying-goodbye/. Last accessed September 30, 2025.

[31] For tax year 2023, the participating states were Arizona, California, Florida, Massachusetts, Nevada, New Hampshire, New York, South Dakota, Tennessee, Texas, Washington state, and Wyoming. For tax year 2024, the 25 participating states were Alaska, Arizona, California, Connecticut, Florida, Idaho, Illinois, Kansas, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Washington state, Wisconsin, and Wyoming.

Direct File allowed a limited set of deductions: the standard deduction and deductions for student loan interest, educator expenses, and Health Savings Account contributions. Direct File allowed for a limited set of tax credits: the Earned Income Tax Credit, Child Tax Credit, Credit for Other Dependents, Child and Dependent Care Credit, Premium Tax Credit, Credit for the Elderly or Disabled, and the Retirement Savings Contributions Credit.

Taxpayers with other common circumstances—such as self-employment earnings, rental or business income, or itemized deductions—were not eligible. Direct File did not prepare state tax returns, though, in some states, federal tax data could be transferred to state filing tools with the taxpayer's consent. For tax year 2024, the program also permitted limited data importation from the taxpayer's IRS online account, including Form W-2 data when available, to assist with the preparation of the tax return.

Usage. The IRS rolled out the pilot program in phases, initially testing Direct File with volunteer federal and state government employees. The Direct File pilot was opened to all users and fully launched in early March 2024 for tax year 2023. In its inaugural year, an estimated 19 million tax units were eligible to file their income tax return through Direct File, and, in that year, 140,803 returns were filed through the program and accepted by the IRS.[32] For tax year 2024, eligibility expanded to roughly 32 million tax units because of expansions in the scope of tax situations covered by Direct File and because more states participated with Direct File. In total, 296,531 tax year 2024 returns were filed through Direct File.[33]

User Feedback. User satisfaction with the tax year 2023 Direct File pilot program was described as being positive in the IRS's May 2024 Direct File After Action Report.[34] The report utilized a General Services Administration Touchpoints survey of around 15,000 tax units during a portion of the time the pilot Direct File program was available. The Touchpoints survey was administered for part of the 2024 tax filing season (i.e., between March 19, 2024 and April 21, 2024) immediately following a taxpayer submitting or resubmitting a tax year 2023 income tax return using the Direct File pilot.[35] During the Direct File pilot program, 395,483 tax units began a tax return using the pilot, with 161,042 submitting a return (of which 140,803 were accepted by the IRS for processing).[36] Thus, Touchpoints survey respondents represent 10.7 percent of tax units who filed their return using Direct File and had their return accepted by the IRS and 3.8 percent of all tax units who began a tax return using the Direct File pilot.

---

[32] Internal Revenue Service. "IRS Direct File Pilot Program. Filing Season 2024 After Action Report." https://www.irs.gov/pub/irs-pdf/p5969.pdf. Last accessed September 26, 2025.

[33] Internal Revenue Service. "IRS Direct File. Filing Season 2025 Report." https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025.

[34] Of the 14,587 respondents who rated their overall user experience with Direct File, 68.6 percent rated it as Excellent while 22 percent rated it as Above Average. Of the 14,117 respondents who answered the question on whether their experience with Direct File increased their trust in the IRS, 86.2 percent answered yes. Internal Revenue Service. "IRS Direct File Pilot Program. Filing Season 2024 After Action Report." https://www.irs.gov/pub/irs-pdf/p5969.pdf. Last accessed September 26, 2025.

[35] *Id*.

[36] *Id*.

As with all after-action surveys, the Touchpoints survey provides insights from a selected sample of individuals. In this case, the respondents are taxpayers who chose to use the Direct File pilot, completed and filed a return using the Direct File pilot (i.e., did not abandon using Direct File for an alternative filing method or chose not to file a return), participated in the Touchpoints survey, and answered a particular survey question. Such surveys do not ask questions of individuals who did not complete an action and therefore do not collect important information about why individuals did not complete an action. In the case of the Touchpoints survey, there were roughly 230,000 taxpayers who began preparing a tax return with Direct File but did not submit a return using Direct File. Had these taxpayers been surveyed, they could have provided information on if, after beginning to use Direct File, they determined that they preferred an alternative filing method or if they determined that their tax situation was not covered by Direct File. Therefore, opinions about Direct File in the Touchpoints survey may be more positive than they would have been if the entire population of taxpayers who began their return with Direct File had been surveyed.

Costs. For the tax year 2023 pilot, the IRS reports having spent at least $31.8 million—equal to $225.85 per return filed using Direct File—through April 20, 2024, as documented in its After Action Report.[37] By April 15, 2025, reported costs for the tax year 2024 filing season had reached $41 million—$138.27 per return filed using Direct File.[38] However, these figures did not capture the full scope of agency resources committed to the program. Other areas of the IRS, such as the Office of Chief Counsel, online services, communications, and submission processing provided substantial support that was not fully reflected in cost reporting. Further, the cost estimates for Direct File did not include costs directly borne by all federal participants, and did not include any costs associated with the preparation and filing of related state returns. Given the operational complexity of developing and maintaining tax software, these hidden costs were significant and should be factored into future assessments.

Commercial Free Tax Preparation Products

The private sector also offers free tax filing services, though the scope and eligibility conditions vary by provider. Free offerings are restricted by income level, the complexity of a taxpayer's return, or other criteria. In some cases, providers make "free" filing available in exchange for a taxpayer's consent to use personal data for marketing or other purposes.

[37] This cost included the FY 2023 Direct File Feasibility Study and Report to Congress ($11.6 million), the Direct File Pilot Development and Implementation ($13 million), and the salaries of 29 employees from the former United States Digital Service (USDS) ($7.2 million). Internal Revenue Service. "IRS Direct File Pilot Program. Filing Season 2024 After Action Report." https://www.irs.gov/pub/irs-pdf/p5969.pdf. Page 41. Last accessed September 26, 2025.
[38] Internal Revenue Service. "IRS Direct File. Filing Season 2025 Report." https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025.

Industry estimates suggest that commercial software companies and paid preparers may handle more than 25 million federal returns each year at no cost to the individual taxpayer.[39] However, the IRS does not currently collect this data and cannot verify its accuracy.

Unlike Direct File and IRS partner programs, commercial "free" products may be paired with add-on services. Taxpayers may be offered optional products (such as consultations with tax professionals, refund anticipation loans, or audit protection) at an additional cost. Free commercial filing products may also come with scope limitations, and in many cases state return preparation is not included.

Comparison of Programs

Table 1 (below) summarizes the features, capabilities, and limitations of the major free filing programs available for tax year 2024. Because these programs differ in eligibility criteria, service delivery, and scope, each tends to appeal to a different segment of taxpayers.

Table 1: Features of Free Tax Filing Choices for Tax Year 2024

Feature	Direct File	Free File	VITA/TCE	Commercial Free Software
Adjusted Gross Income (AGI) Limit	None	$84,000	VITA: $67,000 TCE: No income limit	Varies
Scope Limit	Simple returns with common tax credits and deductions	Both simple and more complex returns	Both simple and more complex returns	Varies
Link to IRS Online account to import data	Yes, but limited information.	No	No	No; however, may be able to import data from non-IRS channels.
Service Delivery Method	Guided self-preparation	Guided self-preparation	Tax preparation by volunteers and limited self-prepare.	May vary
State Returns Free	With taxpayer consent, data from federal return transmitted to state's free filing tool in participating states.	Free in states that are part of the State Free File Program. Software choices may have lower income cap or more limited scope.	Yes. May file multiple states for free if volunteers are trained in applicable states.	Varies

[39] Industry sources have cited an estimate of 25.8 million free federal income tax returns prepared separately from the IRS Free File program. American Coalition for Taxpayer Rights. "The IRS Direct File Program Misses the Mark." https://www.americancoalitionfortaxpayerrights.org/wp-content/uploads/2024/06/ACTR_DirectFile_Report_2024.pdf. Page 3. Last accessed September 26, 2025.

Access Point	Irs.gov	Irs.gov	Partner organizations	Commercial websites
Add On Services Available	None	Prohibited by MOU	None	May offer services, such as consultation with tax advisor, refund advance, and audit protection that may require an additional fee.
Direct Cost to Taxpayer	Federal Return: $0 State Return: $0 in participating states	Federal Return: $0 State Return: $0 if eligible in Free File. Fee varies if taxpayer chooses a provider without a free state return option.	Federal return: $0 State return: $0	Varies

VITA and TCE stand out as the only free programs offering in-person assistance, making them particularly attractive to taxpayers who prefer not to self-prepare. By contrast, Direct File appealed to taxpayers who wanted to file directly with the IRS, while Free File and commercial products catered to taxpayers comfortable using commercial software platforms.

User demographics also vary. Free File users have the lowest average AGI, reflecting the strict income thresholds of the program, and are younger on average than other taxpayers. (See Table 2.) Direct File users have a similar average age as Free File users but have slightly higher AGIs on average. VITA and TCE users tend to be older than Free File users, with TCE users being older on average than VITA users. VITA and TCE users have higher average AGIs than Free File users, but lower average AGIs than Direct File users. Finally, FFFF, which imposes no income restrictions, has the highest-income users among the IRS-affiliated programs. The average age of FFFF users is higher than Free File and Direct File users but lower than VITA and TCE users.

Table 2: By Filing Method: Average Age and Adjusted Gross Income of Tax Units That Filed Using Free Tax Filing Choices for Tax Year 2024

Filing Method	Returns Filed (millions)	Average Age of Primary Filer	Average Adjusted Gross Income
All Returns	146.2	45	$90,000
VITA	1.6	52	$32,000
TCE	1.2	68	$42,000
Free File	2.7	38	$29,000
FFFF	0.4	48	$103,000
Direct File	0.3	38	$50,000

Source: Department of Treasury analysis of administrative tax data for tax year 2024. Returns processed by August 1, 2025.

Section III: Taxpayer Opinions and Preferences

The IRS has conducted multiple surveys in recent years to understand better the taxpayers' pre-filing, filing, and post-filing needs and preferences. The 2022 and 2023 Taxpayer Experience Surveys (TESs) asked taxpayers about their interest in a government-run tool, such as Direct File, their awareness and use of the Free File program, and other filing preferences. As discussed below, the 2024 TES, conducted after the launch of the Direct File pilot, expanded to include questions specifically about Direct File.

In 2023, the MITRE Corporation, a nonprofit research organization, conducted two additional surveys to evaluate taxpayer filing choices. Respondents were asked about their preferences under different scenarios:

- For "free" simple returns, they could choose among (1) a Direct File program, (2) an IRS "Return-Free" program in which the IRS would pre-populate a return and notify taxpayers of their amount owed at time filing or refund, or (3) their current software program.
- For "free" complex returns, they could choose between (1) Direct File or (2) their current software program.

Most recently, in August 2025, Treasury and the IRS conducted an online anonymous feedback survey to measure general interest in free tax preparation.[40] The survey link was available on IRS.gov for about two weeks and received over 50,000 responses, reflecting strong apparent

[40]Internal Revenue Service. IR-2025-85. https://www.irs.gov/newsroom/irs-asks-for-public-input-on-free-tax-filing-options-to-inform-congressional-report. Last accessed September 27, 2025.

interest in free filing options. Because the results are not statistically representative, they are being used for informational purposes only and are not incorporated into this report. A new, statistically representative survey will be conducted to better assess taxpayer interest in both a taxpayer-funded, government-run service and private-sector free filing options.

Accordingly, this section draws primarily on the findings from the IRS's TES surveys and MITRE's studies to present a more reliable picture of taxpayer opinions and preferences.

Taxpayer Interest in a Taxpayer-Funded Government-Run Service

The 2022 and 2023 TESs found that fewer than 30 percent of respondents were "very interested" in using an IRS-provided online tool if one were available. A larger share reported being "somewhat interested," but because the survey did not include a neutral response option, these figures may overstate actual interest.[41]

The 2023 MITRE survey presented taxpayers with a hypothetical scenario involving simple returns. Nearly half of respondents (48 percent) said they would prefer to continue using their current software if it were free and offered the same features.[42] Only 15 percent indicated they would choose a Direct File option, while 37 percent preferred an IRS "return-free" option in which the IRS would pre-populate the return with the taxpayer's information and essentially prepare the return on the taxpayer's behalf.

The 2024 TES Survey included questions about Direct File following its pilot launch. Awareness remained low: only 19 percent of respondents had heard of the program. Among those who had, most learned about it through IRS.gov (42 percent), followed by news outlets (34 percent) and friends/family, or social media (22 percent each).

Taken together, survey results from 2022 through 2024 (summarized in Appendix A) consistently show limited taxpayer interest in a government-run online filing tool and low awareness of the Direct File pilot. Notably, most taxpayers who were aware of Direct File first encountered it through IRS channels rather than external sources.

Taxpayer Interest in a Free Service Provided by the Private Sector

As shown in Appendix B, recent TESs explored taxpayer awareness and use of the Free File program. The 2024 TES found that about half of respondents reported being aware of Free File. However, responses also revealed confusion about what the program is and whether respondents

[41] In 2023, a Treasury Inspector General for Tax Administration (TIGTA) report indicated that taxpayer interest in a Direct File tool may have been overstated due to the design of the surveys conducted, which did not provide a "neutral" option. Treasury Inspector General for Tax Administration "Inflation Reduction Act: Assessment of a Free and Electronic Direct Filing Tax Return System." https://www.tigta.gov/sites/default/files/reports/2023-10/2024408002fr.pdf. Page 6. Last accessed September 27, 2025.
[42] When asked about the simple tax return hypothetical where there was no state return, this percentage increased to 62 percent.

had actually used it, suggesting that true awareness is likely lower than reported. In addition, most taxpayers surveyed were uncertain about whether they were eligible.

Among eligible filers who were aware of the Free File program but chose not to use it, the most common reason cited was a preference to continue using their existing filing method or software. The second most common reason was that they already filed for free through other means outside the program.

For those interested in using Free File, most respondents indicated they would first attempt to access it through IRS.gov. These results point to mixed awareness and understanding of Free File, which likely contributes to its relatively low usage despite broad eligibility.

Section IV: Costs

Costs to Develop and Run a Free Direct E-File Tax Return System

There were no out-of-pocket, direct costs to taxpayers who used Direct File. However, development and operation of the Direct File program was funded out of the federal budget and ultimately cost far more per tax return filed than initially anticipated. Before implementation, the IRS acknowledged substantial uncertainty in its estimates, as costs depended heavily on both the scope of returns covered and the number of taxpayers using the tool. (See Table 3.)

Table 3: Annual Cost Estimates per IRS Report to Congress

Number of Filers	Annual Cost Estimate (Narrow Scope)	Annual Cost Estimate (Broader Scope)	Annual Cost Per Return (Narrow Scope)	Annual Cost Per Return (Broader Scope)
5 million	$64.3 million	$77.9 million	$12.86	$15.58
10 million	$103.6 million	$120.6 million	$10.36	$12.06
25 million	$221.3 million	$248.9 million	$8.85	$9.96

Source: Internal Revenue Service. "IRS Report to Congress, Inflation Reduction Act §10301(1)(B) IRS-run Direct e-File Tax Return System." https://www.irs.gov/pub/irs-pdf/p5788.pdf. Last accessed September 26, 2025.

As shown, initial IRS cost projections ranged from $64.3 million to $248.9 million annually, or roughly $9–$16 per return, depending on participation and tax scope. Customer support was projected to be a major cost driver, heavily influenced by the number of filers. Expanding the tax scope added an estimated $10–$20 million in technology and product costs.

In practice, the costs per return filed through Direct File were well above these estimates. (See Table 4.)

Table 4: Direct File Costs per Filing Season

Tax Year	Number of Filers	Total Costs	Cost per Return (minimum)
2023	140,803	$31.8 million	$225.85
2024	296,531	$41 million	$138.27

Sources: Internal Revenue Service. "IRS Direct File Pilot Program. Filing Season 2024 After Action Report." https://www.irs.gov/pub/irs-pdf/p5969.pdf. Last accessed September 26, 2025. Internal Revenue Service. "IRS Direct File. Filing Season 2025 Report." https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025. Note that costs here do not include support functions.

Actual costs were at least $225 per return for tax year 2023 and $138 per return for tax year 2024—orders of magnitude higher than projected. These figures also understate true costs, as several IRS offices that provided critical support, including Chief Counsel, online services, human capital, communications, submission processing, and contact centers, were not fully captured in cost reporting. A Treasury Inspector General for Tax Administration (TIGTA) audit confirmed that these additional costs should be incorporated going forward.[43] Costs borne by other federal or state government entities were likewise omitted.

Demand for Direct File was also far below expectations. While lack of awareness was a factor, eligibility restrictions tied to covered tax situations (rather than a simple income limit) created confusion.[44] For tax year 2024, approximately 1.25 million tax units completed the eligibility checker, but fewer than 300,000 filed returns through Direct File.

Costs to Establish Public-Private Partnerships for Free Tax Filing

In contrast to the high cost of operating a government-run Direct E-File system, the cost of maintaining a successful public-private partnership like Free File are minimal. Since its launch, tens of millions of federal returns have been filed through Free File without significant expenditure of IRS funds or resources.

Under the program's MOU, however, the IRS is solely responsible for promoting and marketing Free File. Survey data show that many eligible taxpayers remain unaware of the program or uncertain about their eligibility, limiting its reach. To address this, the IRS anticipates dedicating resources in the coming year to expand promotion, evaluate user experience, improve program design, and strengthen oversight.

[43] "Inflation Reduction Act: Results of the Direct File Pilot." https://www.tigta.gov/sites/default/files/reports/2025-03/2025408015fr.pdf. Last accessed September 26, 2025
[44] Internal Revenue Service. "IRS Direct File. Filing Season 2025 Report." https://taxpayer-rights.org/wp-content/uploads/2025/06/2025-14762.pdf. Last accessed September 26, 2025.

Section V: Assessment of a New Approach

Responses from the August 2025 survey indicate strong taxpayer interest in free tax return preparation, consistent with prior research. However, actual participation in IRS-operated or IRS-affiliated free filing programs has remained relatively low.

In its 2023 annual report to Congress, the Electronic Tax Administration Advisory Committee (ETAAC) recommended that the IRS and Congress prioritize improving communication, marketing, and accessibility of existing free filing programs before committing resources to develop a new IRS Direct E-File platform.[45]

Consistent with this recommendation, the IRS will shift focus toward strengthening and promoting established programs that have served taxpayers for many years. The overarching goal is to expand access to and increase the use of free tax preparation options in a way that is cost-effective, sustainable, and beneficial to American taxpayers. To achieve this, the IRS plans to take the following steps.

STEP 1: Enhance Awareness of Free File and Launch Public Communications Strategy

Survey results suggest that awareness and understanding of the Free File program remain relatively low and Free File represents an untapped opportunity to expand access to free tax preparation in a way that is cost-efficient for individual taxpayers and the government.

Several factors highlight the need for stronger promotion:

- **Relatively low usage among eligible taxpayers.** Of the roughly 98 million tax units estimated by Treasury to be eligible for Free File in tax year 2024, only 2.7 million filed returns through the program by August 1st, 2025. Even when including other free, IRS-affiliated methods, just 5.6 million Free File eligible tax units filed through these options.

- **Underutilization by simple return filers.** Defining a “simple return” as a return that meets Direct File’s tax year 2023 eligibility criteria,[46] Treasury estimates that roughly 36 million of the estimated 98 million tax units eligible for Free File for tax year 2024 had a “simple return.” Among these 36 million, only 2 million used Free File or any of the other free tax preparation services operated by or affiliated with the IRS by August 1st,

[45] Internal Revenue Service. IRS Publication 3415 (Rev. 6-2023); https://www.irs.gov/pub/irs-prior/p3415--2023.pdf. Last accessed September 27, 2025.
[46] This is the eligibility criteria without the restriction on state of residence.

2025. The comparatively low use of Free File among taxpayers with simpler returns demonstrates that there is likely untapped demand for the program.[47]

- **Impact on paper filing.** Among tax units estimated to be eligible for Free File for Tax Year 2024 who did not use a free filing method, roughly 2.7 million tax units submitted paper returns, representing more than 60 percent of all paper filers. Encouraging these taxpayers to switch to Free File, VITA, or TCE would reduce processing costs, reduce error rates, and get refunds to taxpayers more quickly.

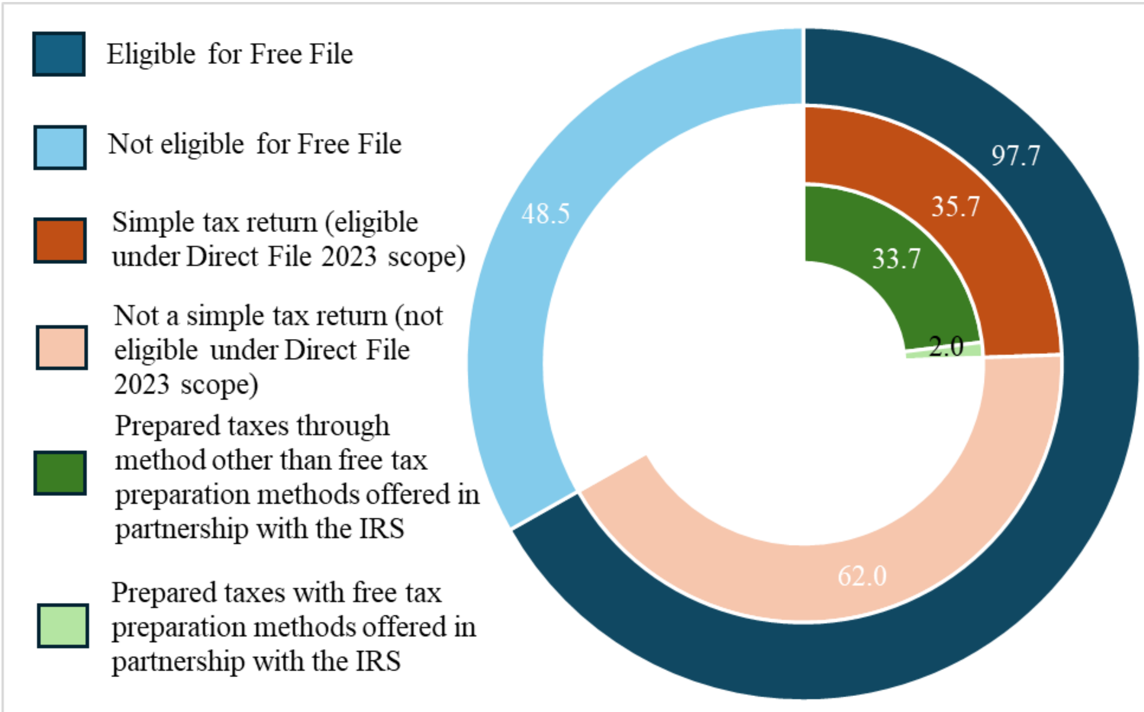
Next steps. To address these challenges, the IRS will launch a targeted communications campaign in coordination with FFI. This effort will highlight program benefits, clarify eligibility requirements, and make it easier for taxpayers to access the program through IRS.gov.

In addition, the IRS will strengthen program oversight. Current testing ensures that providers meet agreed-upon requirements at the start of the filing season, but additional in-season testing could provide earlier detection of problems. The IRS will also re-evaluate its survey approach to gather more actionable feedback from Free File users, enabling better decision-making and program improvements.

[47] Of the 33.7 million taxpayers who both had simple returns and were eligible for IRS Free File but filed using methods other than IRS-affiliated free programs, 13.5 million filed with paid preparers, 19.3 million used commercial software, and 1 million filed a paper return. Some of these taxpayers, particularly those with simple returns, may have used free services offered directly by commercial preparers or may have purchased services not available through Free File. However, it is also possible that many were simply unaware of IRS Free File.

A 2020 TIGTA report underscores this challenge. TIGTA found that in processing year 2019 (when tax year 2018 returns are filed), 34.5 million taxpayers eligible for Free File instead filed using commercial preparers, even when those preparers participated in the Free File program. Of those filers, 14.1 million paid a fee and 20.4 million filed for free. Notably, 9 million of the 14.1 million taxpayers who paid a fee reported that they were not aware of IRS Free File or how to access it. Treasury Inspector General for Tax Administration. "Complexity and Insufficient Oversight of the Free File Program Result in Low Taxpayer Participation." https://www.tigta.gov/sites/default/files/reports/2025-08/202040009fr.pdf. Last accessed September 26, 2025.

Figure 2: By Filing Method: Tax Units Estimated to be Eligible for IRS Free File with Simple Returns Among All Tax Units for Tax Year 2024 (Millions)



Source: Department of Treasury graphic created based on analysis of administrative tax data for tax year 2024 as of August 1, 2025. Note that "eligible under Direct File 2023 Scope" here includes all aspects of the Direct File 2023 scope except for the limitations on state of residence and states in which filers earned income.

STEP 2: Suspend the Direct File Program

The IRS will suspend Direct File pilot program due to the program's high costs, limited participation, and the agency's need to focus resources on other priorities. Benefits intended under Direct File can be achieved more efficiently, and for a broader population, through enhancements to the Free File program.

The IRS has a number of important technological priorities that it should focus its resources on rather than diverting capacity to Direct File. Instead, the agency will focus on strengthening and promoting free filing through lower-cost initiatives that leverage private-sector technology and infrastructure, like Free File. This approach reduces administrative and technical burdens on the IRS while delivering important benefits to taxpayers in a more sustainable and scalable way.

STEP 3: Conduct Survey and Engage Partners

Conduct Survey on Taxpayer Filing Preferences and Opinions

To inform future decision-making with accurate and representative data, Treasury and the IRS will conduct a formal taxpayer survey using funds appropriated by Congress and available beginning on October 1, 2025. The survey will gather taxpayer opinions and preferences regarding a government-run filing service versus free services offered by the private sector. It will also measure the importance of features, such as a free state income tax return, and identify which product attributes taxpayers value most. Unlike prior surveys, the new design will include a five-point scale and a "neutral" option to avoid forced-choice responses and provide more reliable insights.

Convene Free Filing Modernization Summit

Treasury will also convene a Free Filing Modernization Summit, chaired by senior Treasury officials, to bring together tax preparation industry leaders and experts. The summit will focus on strategies to improve existing free filing options, explore new approaches, and expand the number of taxpayers filing for free. With the suspension of Direct File, industry partners will be expected to help grow and promote free do-it-yourself tax preparation for both federal and state returns.

In parallel, the IRS will evaluate other programs, such as VITA and TCE, to identify opportunities for improvement, expansion, and better communication with eligible taxpayers. Engagement will also extend to Free File program representatives, state agencies, and additional stakeholders to ensure that any enhancements or new approaches are coordinated and widely accessible.

STEP 4: Define "Free" Return, Collect Data, and Prepare Supplemental Report

Define "Free" Return and Collect Data from Commercial Tax Software Companies

With input from taxpayers and industry partners, the IRS will establish a clear definition of what constitutes a "free return" and develop a consistent metric for tracking usage across providers. Key considerations include whether a free return must cover both federal and state filings, and whether returns paired with paid add-on services, such as audit protection, should still be counted as "free." The IRS will also explore improvements to schema reporting requirements to ensure accurate, comprehensive data collection on both federal and state free return usage from Free File participants and other commercial providers.

Prepare Supplemental Report on the Future of Free Tax Filing

Treasury and the IRS will issue a supplemental report to Congress that incorporates results from the forthcoming taxpayer survey on preferences for government-run versus private-sector free filing services. The report will also assess the costs of promoting and improving existing free filing programs and set out a new approach for expanding access. Findings will be informed by survey data, the Free Filing Modernization Summit, and stakeholder feedback sessions, ensuring that recommendations reflect taxpayer needs and industry realities.

Path Forward

For nearly three decades, the IRS, states, and the private sector have partnered to expand online tax filing, helping hundreds of millions of taxpayers file accurate returns quickly, safely, and efficiently. Building on this history, these partnerships remain the most effective way to broaden access to free tax preparation while minimizing costs to both the government and taxpayers.

A government-run tool like Direct File has proven too costly to sustain. By focusing resources on the Direct File pilot program, the IRS diverted attention from opportunities to strengthen and expand existing free filing programs that have long track records of success. Going forward, the IRS will prioritize improving and promoting VITA, TCE, and Free File, while exploring additional partnerships that can deliver free filing options in a cost-effective, taxpayer-focused manner.

Treasury and the IRS are committed to reducing barriers, expanding access, and strengthening trust in the tax system by ensuring that every taxpayer who is eligible for free filing can readily find and use those options, and look forward to working with Congress to achieve these goals.

Appendix A - Taxpayer Interest in a Taxpayer-Funded Government-Run Service (Survey Finding Table)

Survey	Purpose	Number of Participants	Findings
TES Survey (2022)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience	4,219 individual taxpayers completed the survey	28% of respondents (n=4,193) said that they would be "very" interested in using an IRS provided online tool.[48] 18% of respondents (n=4,199) indicated that they would "very much" trust IRS provided online tool to keep their information safe.[49] 55% of respondents (n=4,170) would expect the online tool to be about the same as other tax preparation software when asked how easy or difficult they expect an IRS provided online tool to be. Among self-preparers, 24% of respondents (n=1,733) indicated that they were "very likely" to switch from their previously used method to an IRS provided online tool.[50] Among those who are self-preparers and unlikely to switch, the most popular reasons were that they prefer not to make changes on the tax filing method/software

[48] While 45 percent said that that they were "somewhat" interested in an IRS provided online tool, the survey did not have a neutral option.

[49] While 54 percent indicated that they would "somewhat "trust the online tool, the survey did not have a neutral option.

[50] While 44 percent indicated that they were "somewhat" likely, the survey did not include a neutral option.

			they previously used (44% of respondents (n=538)) and/or that they already file for free (35% of respondents (n=538)). Respondents (n=4,157 to 4,188) indicated that the three most important features for tax preparation software are security (85% rated this "very important"), having a step-by-step process (76% rated this "very important"), and user-friendliness (75% rated this "very important"). These features were more popular than software that is free or low cost, pre-populates, and is mobile device friendly.
TES Survey (2023)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience	4,380 individual taxpayers completed the survey	26% of respondents (n=4,349) said that they would be "very" interested in using an IRS provided online tool.[51] 18% of respondents (n=4,357) indicated that they would very much trust an IRS provided online tool.[52] 57% of respondents (n=4,317) would expect the online tool to be about the same as other tax preparation software when asked how easy or difficult they expect an IRS provided online tool to be. 26% of respondents (n=4,345) indicated that they were very likely to switch

[51] While 44 percent indicated that they were "somewhat" interested, the survey did not include a neutral option regarding interest.
[52] While 54 percent indicated that they would somewhat trust the online tool, the survey did not include a neutral option regarding interest.

			from their previously used method to an IRS provided online tool.[53] Among those who are self-preparers and unlikely to switch, the most popular reasons were that they would have more confidence and trust in the previous method they used than the described online tool (45% of respondents (n=1,344)), and/or that they prefer not to make changes on the tax filing method/software they previously used (34% of respondents (n=1,344)). Respondents (n=4,313 to 4,341) indicated that the three most important features for tax preparation software continued to be security (86% rated this “very important”), having a step-by-step process (73% rated this “very important”), and user-friendliness (73% rated this “very important”). These features were more popular than software that is free/low cost, pre-populates, and is mobile device friendly.

[53] While 42 percent indicated that they were somewhat likely, the survey did not include a neutral option.

TES Survey (2024)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience	4,541 individual taxpayers completed the survey	19% of respondents (n=4,512) had heard about the Direct File program. Of those who were unaware of Direct File (n=2,382), 61% felt positive about IRS offering the program. 63% of respondents who were aware of Direct File (n=820) had a positive impression of it. Of those who were aware of Direct File (n=824), most had heard about Direct File from IRS.gov (42%), followed by a news outlet (34%), and friends/family or social media (both 22%).
MITRE Survey	Evaluate how certain factors of hypothetical tax filing systems affect taxpayers' interest in using those systems	1,000 individual taxpayers completed the survey	When presented with the simple return scenario, 48% of participants indicated that they would prefer to stay with their current software if their software included the same features and was free.[54] This compared to 15% of participants who indicated that they would prefer Direct File and 37% who indicated that they would favor an IRS tool that pre-populated their information and essentially prepared a return on their behalf. When presented with the complex return scenario, 30% of participants indicated that they would prefer to stay with their current software if their software included the same

[54] When asked about the simple tax return hypothetical where there was no state return, this percentage increased to 62 percent.

			features; however, in this scenario, their current software cost $80. This compared to 70% of participants, who indicated that they would prefer Direct File.

Appendix B - Taxpayer Interest in a Free Service Provided by the Private Sector (Survey Finding Table)

Survey	Purpose	Number of Participants	Findings
TES Survey (2022)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience	4,219 individual taxpayers completed the survey	46% of all respondents (n=4,106) said they were aware of the Free File program. Of those aware, 36% reported having ever used it. However, respondents' understanding of the Free File program and whether they had used it did not appear to be completely reliable.[55] Among eligible filers who were aware of the Free File program but did not use it in 2022, the most common reason for not using it was that they prefer to continue using the tax filing method or software they used previously (35% of respondents (n=807)) or because they already file for free outside of the program (29% of respondents (n=807)). Eligible Free File users[56] were significantly more likely to say cost is "very important" in their choice of tax preparation and filing method, while eligible non-users[57] were significantly more likely to say it is only "somewhat important". When eligible filers who were previously unaware of Free file were asked where IRS should promote the program, "on the IRS website" was listed by 58% of these filers (n=1,415) and "social media" was listed by 51% of these filers (n=1,415). This was followed by direct mail from the IRS,

[55] Despite the detailed description, some respondents still may have misunderstood or misread it to include other free filing options, as many who indicated they had used the program this year did not meet the self-preparation, tax software, and income criteria.
[56] Eligible Free File users are those who are both eligible and used the program in 2022.
[57] Eligible non-users are those who are eligible and did not use the program in 2022.

			traditional media, on other websites, and in the instruction/booklets/PDFs for the federal income tax form (Form 1040).
TES Survey (2023)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience	4,380 individual taxpayers completed the survey	43% of all respondents (n=4,238) said they were aware of the Free File program. Of those aware, 29% reported having ever used it. However, respondents' understanding of the Free File program and whether they had used it did not appear to be completely reliable.[58] Among eligible filers who were aware of the Free File program but did not use it in 2023, the most common reason for not using it was that they prefer to continue using the tax filing method or software they used previously (39% of respondents (n=625)) or because they already file for free outside of the program (29% of respondents (n=625)). Eligible Free File users[59] were significantly more likely to say cost is "very important" in their choice of tax preparation and filing method, while eligible non-users[60] were significantly more likely to say it is "not very" or "somewhat important". More than half of respondents (61% of respondents (n=4,221) said that they would first use the IRS.gov website to try to access the IRS Free File program. When asked whether they thought they qualified to use the IRS Free File program, a majority (58%) of respondents (n=4,226) were not sure.

[58] Despite the detailed description, some respondents still may have misunderstood or misread it to include other free filing options, as many who indicated they had used the program this year did not meet the self-preparation, tax software, and income criteria.
[59] Eligible Free File users are those who are both eligible and used the program in 2022.
[60] Eligible non-users are those who are eligible and did not use the program in 2022.

TES Survey (2024)	Measure taxpayer awareness and use of IRS products and services and solicit taxpayer feedback on various aspects of the taxpayer experience.	4,541 individual taxpayers completed the survey	50% of respondents (n=4,395) said they were aware of the Free File program. Of those aware, 26% reported having ever used it. However, respondents' understanding of the Free File program and whether they had used it did not appear to be completely reliable.[61] Among eligible filers who were aware of the Free File program but did not use it in 2024, the most common reason for not using it was that they prefer to continue using the tax filing method or software they used previously (40% of respondents (n=711)) or because they already file for free outside of the program (20% of respondents (n=711)). Eligible Free File users[62] were significantly more likely to say cost is "very important" in their choice of tax preparation and filing method, while eligible non-users[63] were significantly more likely to say it is "not very" or "somewhat important". More than half of respondents (61% of respondents (n=4,365) said that they would first use the IRS.gov website to try to access the Free File program. When asked whether they thought they qualified to use the Free File program, a majority (53%) of respondents (n=4,372) were not sure.

[61] Despite the detailed description, some respondents still may have misunderstood or misread it to include other free filing options, as many who indicated they had used the program this year did not meet the self-preparation, tax software, and income criteria.
[62] Eligible Free File users are those who are both eligible and used the program in 2022.
[63] Eligible non-users are those who are eligible and did not use the program in 2022.