

# IRS makes Direct File a permanent option to file federal tax returns; expanded access for more taxpayers planned for the 2025 filing season

Washington – Following a successful filing season pilot and feedback from a variety of partners, the Internal Revenue Service announced today that it will make Direct File a permanent option for filing federal tax returns starting in the 2025 tax season.

The agency is exploring ways to expand Direct File to make more taxpayers eligible in the 2025 filing season and beyond by examining options to broaden Direct File’s availability across the nation, including covering more tax situations and inviting all states to partner with Direct File next year.

The IRS plans to announce additional details on the 2025 expansion in the coming months.

The decision follows a highly successful, limited pilot during the 2024 filing season, where 140,803 taxpayers in 12 states filed their taxes using Direct File. The IRS closely analyzed data collected during the pilot, held numerous meetings with diverse groups of stakeholders and gathered feedback from individual Direct File users, state officials and representatives across the tax landscape. The IRS heard directly from hundreds of organizations across the country, more than a hundred members of Congress and from those interested in using Direct File in the future. The IRS has also heard from a limited number of stakeholders who believe the current free electronic filing options provided by third party vendors are adequate.

The IRS will continue data analysis and stakeholder engagement to identify improvements to Direct File; however, initial post-pilot analysis yielded enough information for the decision to make Direct File a permanent filing option. The IRS noted that an early decision on 2025 was critical for planning and programming both for the IRS and for additional states to join the program. IRS Commissioner Danny Werfel recommended to Secretary of the Treasury Janet L. Yellen to make Direct File permanent. He cited overwhelming satisfaction from users and improved ease of tax filing among the reasons for his recommendation, which Secretary Yellen has accepted.

“The clear message is that many taxpayers across the nation want the IRS to provide more than one no-cost option for filing electronically,” said IRS Commissioner Danny Werfel. “So, starting with the 2025 filing season, the IRS will make Direct File a permanent option for filing federal tax returns. Giving taxpayers additional options strengthens the tax filing system. And adding Direct File to the menu of filing options fits squarely into our effort to make taxes as easy as possible for Americans, including saving time and money.”

## State and Eligibility Expansion

Building on the success of the limited pilot – where taxpayers with relatively simple tax situations in 12 states were eligible to use Direct File – the IRS is examining ways to expand eligibility to more taxpayers across the country. For the 2025 filing season, the IRS will work with all states that want to partner with Direct File, and there will be no limit to the number of states that can participate in the coming year. The agency expects several new states will choose to participate.

The IRS is also exploring ways to gradually expand the scope of tax situations supported by Direct File. Over the coming years, the agency’s goal is to expand Direct File to support most common tax situations, with a particular focus on those situations that impact working families. Announcements about new state partners and expanded eligibility are expected in the coming months.

“User experience – both within the product and integration with state tax systems – will continue to be the foundation for Direct File moving forward,” Werfel said. “We will focus, first and foremost, on continuing to get it right. Accuracy and comprehensive tax credit uptake will be paramount concerns to ensure taxpayers file a correct return and get the refund they’re entitled to. And our North Star will be improving the experience of tax filing itself and helping taxpayers meet their obligations as easily and quickly as possible.”

## Direct File’s Role in the Tax System

During the agency’s review, many taxpayers told the IRS they want no-cost filing options. Millions of taxpayers who did not live in one of the 12 pilot states visited the Direct File website to learn more about this option or asked live chat assistants to make Direct File available in their state.

As a permanent filing option, Direct File will continue to be one option among many from which taxpayers can choose. It is not meant to replace other important options by tax professionals or commercial software providers, who are critical partners with the IRS in delivering a successful tax system for the nation. The IRS also remains committed to the ongoing relationship with Free File Inc., which has served taxpayers for two decades in the joint effort to provide free commercial software. Earlier this month, the IRS signed a five-year extension with industry to continue Free File.

As the IRS works to expand Direct File, it will also work to strengthen all free filing options for taxpayers, including Free File, the Volunteer Income Tax Assistance program (VITA) and the Tax Counseling for the Elderly program (TCE).

## Pilot Analysis and Feedback

In the six weeks following the close of the Direct File pilot, the IRS closely analyzed pilot data and gathered feedback from diverse groups of stakeholders, including Direct File users, state officials and representatives across the country’s tax community.

While data analysis and partner engagement are ongoing, the IRS’ post-pilot analysis has yielded three conclusions that support making Direct File a permanent tax filing solution:

### 1. Taxpayers overwhelmingly liked using Direct File

As detailed in the IRS Direct File Pilot: Filing Season 2024 After Action Report, more than 15,000 Direct File users participated in the General Services Administration’s Touchpoints survey, which collects comprehensive user feedback about government systems:

- 90% of respondents ranked their experience as Excellent or Above Average.
- When asked what they particularly liked, respondents most commonly cited Direct File’s ease of use, trustworthiness and that it was free.
- Additionally, 86% of respondents said that their experience with Direct File increased their trust in the IRS.
- 90% of survey respondents who used customer support rated that experience as Excellent or Above Average.

For the primary quantitative measure of taxpayer opinions of Direct File, the IRS selected the Net Promoter Score (NPS) customer sentiment metric, which asks users, “On a scale from 0 to 10, how likely are you to recommend Direct File to a friend or family member?” NPS scores range from -100 to +100. Direct File has a NPS of +74. If compared to benchmark scores from financial services companies, Direct File would lead in eight of nine categories.

### 2. Direct File made the tax filing experience easier

Direct File’s users reported saving time: Filing taxes with Direct File generally took less than an hour, and many reported filing in as little as 30 minutes. Nearly half of Direct File users reported paying for tax preparation the previous year, and the Treasury Department estimates that Direct File users saved \$5.6 million in tax preparation fees this filing season.

### 3. Direct File helps catalyze the IRS’s digital transformation

To build Direct File, the IRS assembled a team of experienced tax experts, digital product specialists, engineers and data scientists from across the federal government. The agency partnered with the U.S. Digital Service and GSA’s 18F, as well as private sector partners, who all brought critical agile technology expertise. Working side by side at IRS headquarters and collaborating with remote team members across the country, the Direct File team developed and delivered a strong technology product.

The Direct File pilot also gave the IRS the chance to test customer service innovations on a large scale.

Live Chat served as Direct File’s primary customer support channel because it could be integrated directly into the product. This allowed customer support to gradually expand in concert with the overall number of users in each phase of the pilot. The IRS is exploring how this approach could impact taxpayer service overall as the agency works to provide taxpayers with more choices in how they can interact with the IRS.

“We’re mindful that the most important decision we made during the pilot was to focus on executional certainty,” Werfel said. “We took the time to get it right. We found the right first step to test the demand and the user experience and build a strong product. We will apply that same critical lesson for next year as we take a strategic approach to expanding Direct File’s availability and capabilities.”

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