

# IRS Free File Is Not A Free-For-All

By Wayne M. Davies

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Looking for a way to reduce the cost of income tax preparation this year? Then you came to the right place -- maybe!

The IRS has launched a new program this year -- it's called "Free File", and it enables you to prepare and e-file your personal income tax return online for free.

But, alas, there is no free lunch and likewise this "free" program isn't really free for everyone. You have to meet certain eligibility requirements to take advantage of Free File, so read on!

Simply put, Free File is a new government program that enables certain qualifying individuals to both prepare and e-file their income tax returns for free -- online.

The IRS has entered into a partnership with 17 private tax software companies who each offer their services to

the public at no cost.

But here's the catch: not everyone qualifies, and each of the 17 software companies has different eligibility requirements.

Generally speaking, lower income people qualify, as do people of certain ages and those who live in certain states.

(Gee, sounds confusing, doesn't it? Guess that's why it's a government program.)

There are 3 main requirements. You only have to meet one of these criteria to qualify:

1. Income -- if your income is below the following amounts, you qualify. Take note: there are several different qualifying amounts, depending on the software vendor.

TurboTax -- \$27,000  
FreeTaxReturns.com -- \$28,000  
H&R Block -- \$28,000  
TaxBrain -- \$12,000  
CompleteTax -- \$33,000  
Efile-Tax>Returns.com -- \$28,000  
FreeTaxUSA.com -- \$30,000  
TAXSLAYER.COM -- \$30,000  
TAX\$IMPLE -- \$28,000  
Free1040TaxReturns.com -- \$25,000  
ezTaxReturn.com -- \$40,000  
TaxEngine -- \$9,200

Only one vendor allows you to qualify if your income is above a certain amount. TaxACT.com is free if your income is greater than \$50,000.

2. Age -- if you are above or below a certain age, you qualify.

TaxBrain -- age 50 or older  
OnLineTaxes -- age 20 or younger

3. State of residence -- if you happen to live in one of the following states, you qualify.

FileYourTaxes.com -- Arizona, Georgia, Michigan or Wisconsin

eSmartTax.com -- Illinois, N. Carolina, Ohio or Georgia

And there's one more: TAXSLAYER.COM lets all Active Duty Military personnel file for free.

Here's a few points to keep in mind.

First, you still have to prepare the return yourself, and you have to do it online at the website of each software company. So, the point here is obvious: Free File is a viable option for do-it-yourself-ers only.

If you're not inclined to prepare your return yourself, Free File is not for you.

Second, you must use the vendors web-based tax preparation software and you also must e-file right from the vendor's website. Maybe you've been using one particular software for awhile -- your software company may not even be in this program, so you'll have to learn a new program, which may not be worth the extra time.

Third, and most importantly -- all this hype about Free File is really a mute point if you don't qualify. And most middle-class and upper-class folk don't qualify.

If you make more than \$50,000 and happen to like TaxACT.com, you're in business. Or if you happen to live in one of 7 states, you're also in luck.

Otherwise, this program is probably more for your children than for you.

To get all the details, go to the IRS website at <http://www.irs.gov> and click on "Free Online Filing -- Are You Eligible". You'll find complete information on the program, including links to all 17 vendors, and a Frequently Asked Questions page. Enjoy!

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Wayne M. Davies is author of the new eBook, "The Tax Reduction Toolkit: 29 Little-Known Legal Loopholes That Will Reduce Your Taxes By Thousands (For Small Business Owners and Self-Employed People Only!) Don't file another tax return until you visit:  
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