

e-Filing Tops 100 Million Returns

Cross References

- IR-2011-64

The IRS has announced it has surpassed the 100 million mark for individual tax returns processed by e-file in 2011 and the one billion mark for individual tax returns processed by e-file since the inception of the e-file system.

History of e-file. The pilot program began in 1986 with just 25,000 returns filed electronically. Initially, the process involved an IRS employee calling a tax preparer to have them plug in their phone modem in order to transmit the return and to receive acknowledgment of the e-file. The pilot program was expanded in 1990 and, combined with advances in technology, the IRS processed over 4 million e-filed returns that year.

In 1998, Congress set a goal for the IRS to process 80% of all returns using the e-file system. In 2009, Congress passed a provision requiring tax preparers who file 10 or more tax returns to use e-file. The requirements are being phased in; for 2011 tax preparers who file more than 100 returns are required to e-file.

e-File today. The IRS announced over 100 million returns were e-filed in 2011. In fact, more than 79% of taxpayers used e-file to submit their 2010 returns. Currently, individual returns (Forms 1040, 1040-A, and 1040-EZ) make up the vast majority of e-filed returns. The IRS sees both an opportunity and a challenge in increasing the percentage of other types of returns (corporate, employment, partnership, fiduciary and exempt organizations returns) being filed electronically. The root cause for the lower percentage of those returns being e-filed is being investigated.

IRS Commissioner Doug Shulman said that electronically filed returns cost 20 times less to process than paper-filed returns, and the efficient e-file process has saved hundreds of millions of dollars for taxpayers.

In 2012, tax preparers who file 11 or more returns will be required to e-file, likely putting the IRS within reach of Congress' 80% e-file goal.