



Indiana Free File FAQ

BACKGROUND

I-File

Each year more people use electronic filing systems to file their individual taxes online – which saves the state significant costs. For 11 years Indiana has offered a proprietary tax filing system for individual taxes called I-File. In 2010, 185,000 Hoosier taxpayers used I-File to report their individual tax returns.

Free File

Free File was developed in 2003 through a cooperative effort between the IRS and tax preparation software vendors. Free File allows taxpayers with lower Adjusted Gross Incomes (AGI) to file their federal and state taxes for free using sophisticated interactive (Q&A style) applications. For 2011 tax returns, 22 states (now including Indiana) have adopted Free File. Millions of taxpayers qualify for this free service nationally.

The Indiana Department of Revenue estimates nearly 1 million Hoosier taxpayers will qualify.

Free File offers free federal and state filing services to taxpayers within selected AGI (and other) ranges. The top qualification is an AGI of less than \$57,000.

After studying the Free File system for a number of months, the Commissioner of the Indiana Department of Revenue made the decision to retire the state's I-File system and participate in Free File. The new service will save Indiana money and offer a free service to thousands of Hoosier taxpayers, which will save them money.

BENEFITS OF FREE FILE

- Anticipated savings of at least \$165,000 per year in I-File programming costs and administrative fees
- Taxpayers can file federal and state returns together (not possible with I-File)
- All past I-File users will be provided opportunities to use Free File regardless of qualification
- Taxpayers will have choices: four vendors have agreed to participate with Indiana for 2011 returns, including:
 - H&R Block
 - Online Tax (OLT)
 - TaxHawk
 - TurboTax (Intuit)
- All online systems are sophisticated “question and answer” processes that make filing as easy as possible
- E-filers receive their refunds much faster, as quickly as 7-10 days. Paper filing can take up to 12 weeks
- E-filing costs the state eight cents per return versus paper filing at two dollars per return

USEFUL LINKS:

- Indiana freefile: www.freefile.dor.in.gov
- IRS Free File site: www.freefile.irs.gov
- Free File Alliance: www.freefilealliance.org