



Episode 16 – On Free Filing

This document provides resources for educators looking for ways to incorporate current events into their curriculum. Each podcast episode is approximately 20 minutes long and available on all major podcast outlets for free. This document provides multiple choice and true/false questions to test for high-level comprehension of podcast topics as well as opportunities for either short-answer/essay-style questions or discussion questions to delve further into topics. Email taxnerds@gmail.com for an answer key.

In this episode, we discuss the history of IRS' free filing program and the controversy surrounding some changes in the composition of the program's private-sector service providers.

Concepts covered

- Income tax filing
- Economy of collection and convenience in tax compliance

Multiple Choice and T/F Questions

1. Which U.S. president was responsible for the creation of the IRS' Free File program?
 - a. Ronald Reagan
 - b. Bill Clinton
 - c. George W. Bush
 - d. Barack Obama
2. According to the podcast, which of the following best describes the objective of the IRS' Free File program? Select one.
 - a. To offer free tax advice to low-income taxpayers.
 - b. To provide free online tax preparation and filing services to qualified individuals.
 - c. To provide an online repository of tax laws and regulations to assist individuals in preparing their own returns.
 - d. To provide free online tax filing services for federal and state tax returns to all U.S. taxpayers
3. According to the podcast, which of the following is **not** a potential benefit of e-filing.
 - a. Fewer math errors
 - b. Less time required for IRS personnel to input taxpayer data
 - c. Faster audits
 - d. Faster refunds

4. Which of the following is **true**?
 - a. The IRS created its own e-filing platform
 - b. The IRS partnered with the private sector to facilitate e-filing
 - c. The Free File program allows taxpayers to securely e-mail their returns to the IRS
 - d. The Free File program allows taxpayers to securely enter their tax information into computer portals at designated public locations (e.g., libraries)
5. What is the Free File Alliance?
 - a. A group of private businesses that lobbied for the creation of the Free File Program
 - b. A group of Senators who drafted the legislation that created the Free File Program
 - c. A taxpayer advocacy group that lobbied Congress for the creation of the Free File Program
 - d. A non-profit coalition of industry-leading tax software companies that have partnered with the IRS to provide free electronic tax preparation and filing services
6. What is the percentage of taxpayers the IRS aims to help through the Free File Program?
 - a. 50%
 - b. 70%
 - c. 80%
 - d. 100%
7. Which of the following is **true** about eligibility for the Free File program?
 - a. Eligibility is based on adjusted gross income; for 2021 the threshold was \$73,000
 - b. Eligibility is based on filing status; only married couples or heads of household qualify
 - c. Eligibility is based on complexity; only taxpayers with W-2 wages and no other sources of income qualify
 - d. Eligibility is based on complexity; only taxpayers claiming the standard deduction qualify
8. True or False: In the early years following its creation, the Free File program was considered a success.
 - a. True
 - b. False
9. Which of the following characterizations of the Free File program were included in the 2020 report by the U.S. Treasury Inspector General for Tax Administration?
 - a. Successful and effective

- b. Effective but declining in popularity
 - c. Complex, confusing, and lacking taxpayer awareness
 - d. Expensive and not secure
10. True or False: More taxpayers used the Free File program in 2019 than in 2003.
- a. True
 - b. False
11. According to the podcast, what percentage of eligible taxpayers free filed their federal return in 2019?
- a. 2.4%
 - b. 15.2%
 - c. 33.3%
 - d. 70%
12. According to the podcast, what services were private-sector business partnering with the IRS required to provide for free under the Free File program? Select all that apply.
- a. Federal return preparation and filing
 - b. State return preparation filing
 - c. IRS audit defense
 - d. State audit defense
13. True or False: Each private-sector business partnering with the IRS was required to offer free filing services to all eligible taxpayers?
- a. True
 - b. False
14. In which of the following ways could taxpayers access guaranteed free filing?
- a. By directly visiting the website of any private-sector business partnering with the IRS.
 - b. By going to www.irs.gov.
 - c. Both are correct.
15. According to the podcast, which of the following is **not** true?
- a. Turbo Tax is no longer partnering with the IRS to offer free e-filing
 - b. H&R Block is no longer partnering with the IRS to offer free e-filing
 - c. There are over 20 private sector business partnering with the IRS to offer free e-filing
 - d. There are fewer than 10 private sector business partnering with the IRS to offer free e-filing

Short answer/essay or in-class discussion questions

1. In your own words, explain why the IRS Free File program was targeted at lower income taxpayers. Do you think this was a good choice?

2. Brainstorm some of the costs and benefits to both taxpayer and the government of easing compliance burdens for lower-income taxpayers.
3. Using the [AICPA framework](#), explain how electronic filing can contribute to good tax policy. Specifically, which of the ten guiding principle does electronic filing help address?
4. Using the internet, identify a country that does not require individuals to file tax returns. Explain their tax collection process and brainstorm whether such a system could work in the U.S.

Data Analysis/Visualization

Using data from Table 3 and Table 4 of the [IRS data book](#), illustrate the various methods individual taxpayers use to file their returns both in aggregate, and by state. What patterns do you observe?