

GAO Highlights

Highlights of [GAO-25-106933](#), a report to congressional committees

Why GAO Did This Study

IRS is offering a new online service called Direct File to assist individual taxpayers in preparing and filing a tax return. IRS intends for Direct File to make it easier to claim tax benefits and improve digital services consistent with legal authorities to provide taxpayer services. The Inflation Reduction Act of 2022 (IRA) directed IRS to study and report on a potential government-run online filing system. IRA also included a provision for GAO to oversee the use of IRA funds. GAO's objectives were to (1) describe IRS's Direct File pilot; (2) evaluate how IRS applied leading practices for pilot design to inform next steps; (3) evaluate IRS's efforts to expand the scope of Direct File; and (4) compare the online filing services provided by selected foreign and territorial taxing jurisdictions to IRS's. GAO reviewed IRS documents, interviewed IRS officials, and compiled case studies of online filing systems in six countries and Puerto Rico.

What GAO Recommends

GAO is making four recommendations to IRS, including improving coordination among relevant offices to ensure the recruitment of customer support employees, opening Direct File to all eligible taxpayers in the future, and identifying additional data that could be prepopulated in Direct File and testing its accuracy. IRS agreed with three of our recommendations. IRS neither agreed nor disagreed with our recommendation to continue coordinating with state revenue agencies to expand access to Direct File and, as necessary, take steps to ensure the availability of the federal Direct File program to eligible taxpayers in all states.

View [GAO-25-106933](#). For more information, contact James R. McTigue, Jr. at (202) 512-6806 or mctiguej@gao.gov.

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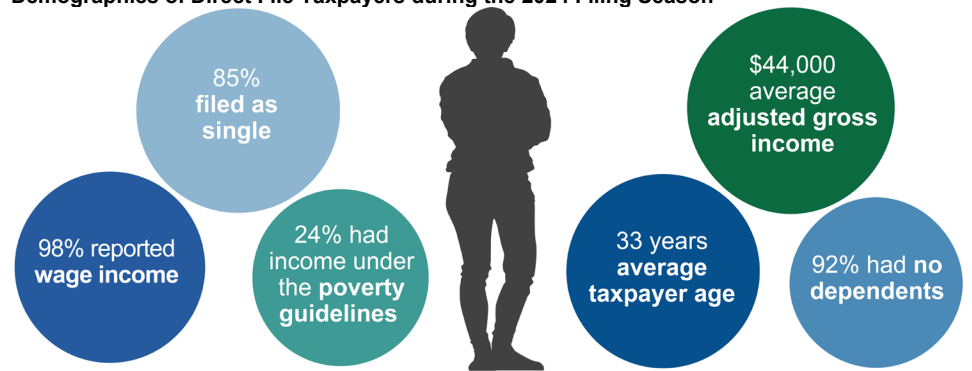
DIRECT FILE

IRS Successfully Piloted Online Tax Filing but Opportunities Exist to Expand Access

What GAO Found

The Internal Revenue Service (IRS) successfully piloted Direct File from February to April 2024 for taxpayers with simple tax situations residing in one of 12 states. Direct File used interview-style questions to guide taxpayers through preparing a return on an IRS website at no cost to the taxpayer. IRS accepted 140,803 Direct File returns which helped many taxpayers with lower incomes fulfill their filing obligations. Taxpayers reported that Direct File was an easier tax preparation method than they had previously used, a factor that contributed to IRS's decision to make Direct File permanent.

Demographics of Direct File Taxpayers during the 2024 Filing Season



Source: Internal Revenue Service; Image from Rawpixel/stock.adobe.com. | GAO-25-106933

GAO found that IRS followed leading practices in piloting Direct File. These included identifying learning objectives and collecting relevant data such as customer service requests. IRS also identified lessons learned, such as how to develop website content more efficiently. IRS continues to determine staffing needs for a newly established Direct File Office.

IRS is planning to expand the scope of taxpayers who can use Direct File in 2025 by adding support for the premium tax credit for health insurance and other tax provisions and by allowing residents of an additional 12 states to use the federal Direct File system. However, GAO found that IRS is behind schedule in recruiting and training customer service representatives for the 2025 filing season due in part to insufficient coordination among IRS offices. Additionally, IRS limits participation in Direct File to taxpayers who live in certain states, which facilitates coordination between federal and state tax filing. However, GAO found that IRS could face challenges in reaching agreements with all states, which raises equity concerns for taxpayers unable to access Direct File due to where they live.

GAO found that selected foreign and territorial revenue agencies prepopulate tax returns with information already on file, such as wages reported by employers. IRS began offering limited prepopulation in April 2024 during the pilot. IRS officials told GAO that they are considering additional prepopulation of taxpayer data but are still in the early stages of planning. Identifying additional data for prepopulation in Direct File and developing a plan for testing its accuracy could enable IRS to reduce taxpayer burden.