

News Release



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Comptroller Lierman and Federal and State Partners Announce Maryland Joining IRS Direct File in 2025

700,000 Marylanders to be eligible to file taxes for free through new program

ANNAPOLIS, Md. (September 4, 2024) — Comptroller Brooke E. Lierman joined federal and state partners Wednesday to announce Maryland is joining the Direct File

program that will allow an estimated 700,000 Marylanders to prepare and file their federal and state tax returns online for free.

Comptroller Lierman was joined for the announcement by Maryland Governor Wes Moore, U.S. Senator Ben Cardin, U.S. Senator Chris Van Hollen, U.S. Representative Steny Hoyer, U.S. Representative John Sarbanes, and Maryland Deputy Secretary of the Treasury Wally Adeyemo.

"Partnering with the IRS to offer Direct File to eligible Maryland taxpayers in the 2025 tax season is an exciting opportunity and fundamental to our core priority of modernizing our agency to make government work better for all Marylanders," Comptroller Lierman said. "In countries across the globe, residents enjoy much simpler return-free tax systems. While our state and nation are not there yet, with Direct File and our agency's new Maryland Tax Connect system for individuals coming this term, Maryland will have the most transparent, efficient, and modern system in the nation."

"Today, we take a big step forward to make tax season easier, simpler, and more affordable for all Marylanders," said Governor Moore. "I want to thank the Biden-Harris Administration, Code for America, and our state, federal, and community partners for their support. This program has saved Americans millions of dollars in tax filing fees, and it's going to deliver big results for the people of Maryland. Together, we will leave no one behind."

Direct File was established in response to a provision in the Inflation Reduction Act requiring the IRS to explore the feasibility of a public online filing service. In 2024, the IRS launched Direct File as a pilot program, in which 12 states participated. The IRS announced in May that the Direct File program would be a permanent filing option. Maryland will join the program, allowing residents with relatively straightforward returns to use Direct File to file their taxes beginning in 2025. Direct File will streamline the filing process for both state and federal returns, decrease processing times, and reduce filing costs.

"Tax preparation for the average working American can come with high costs and countless hours filing returns. Fulfilling tax obligations shouldn't be more difficult than the hours you spend working," said Senator Cardin, a member of the Senate Finance Committee. "Direct File was extremely successful in making tax filing more affordable and accessible. Implementing a permanent Direct File program in Maryland will help lift a significant tax burden and benefit thousands of Maryland taxpayers."

"Thanks to President Biden's Inflation Reduction Act, more than 700,000 Maryland taxpayers will be able to file their taxes online for free, directly with the IRS this coming Filing Season. Direct File will save Marylanders time and money and help ensure they

receive the tax benefits they are owed," said **U.S. Secretary of the Treasury Janet L. Yellen**. "After a successful pilot this Filing Season, we are pleased to expand the program as a permanent offering and welcome Maryland as the latest new state to offer this free option to taxpayers."

"Through the Inflation Reduction Act, we provided new resources for the IRS so it can better serve everyday Americans with initiatives like Direct File. Our state's participation in this proven program will offer hundreds of thousands of Marylanders a convenient and free way to do their taxes next year – meaning less time filling out complicated returns and more money in their pockets," **said U.S. Senator Chris Van Hollen**, who as chairman of the Senate Appropriations Financial Services and General Government Subcommittee oversees funding for the Treasury Department and IRS.

"Americans want – and deserve – a free, easy, accurate, and secure option to file their taxes," said Congressman Steny H. Hoyer, Ranking Member of the Appropriations Subcommittee on Financial Services and General Government. "As House Majority Leader last Congress, I helped secure funding for Direct File in the Inflation Reduction Act to provide them that opportunity. Direct File is yet another example of Democrats' commitment to lowering costs for Marylanders and all Americans, and I am proud that Maryland will join nineteen other states in participating in the program this next tax filing season. I appreciate the IRS and our partners in the Biden-Harris Administration for making this option permanent and available for all taxpayers."

"The Direct File pilot program has proven its ability to ease the burden of tax season by saving taxpayers time, effort and money when filing. I appreciate the IRS's work to expand this program across the country and am glad that starting in 2025, Marylanders will be able to use this new tool and experience a smoother, more affordable tax season," said **Congressman Sarbanes**.

The Comptroller's Office is partnering with the nonprofit, Code for America, to build a platform that will securely transfer information from a federal tax return to a state tax return. This will enable Marylanders with relatively simple tax returns to save time on paperwork and wait times for a refund, save money on hiring a tax professional or using expensive tax preparation software, and safeguard personal information that could be at risk when filing a paper return.

"Code for America is committed to ensuring taxpayers across Maryland have access to free, easy online state tax filing," Amanda Renteria, CEO of Code for America said. "Through our FileYourStateTaxes tool, more people will be able to file a return and gain access to tax benefits that help working families. We look forward to applying the mindful use of technology to the tax filing process in Maryland and providing this revolutionary service to the state's people."

During the 2022 federal fiscal year, more than 150 million individuals submitted federal income tax returns to the IRS electronically, which translates to 94% of filings that year. In Maryland, 2.9 million of the more than 3.1 million individual filings in Maryland, or 92%, were submitted to the Comptroller's Office electronically.

Electronic filing allows for quicker processing of returns, as well as delivery of refunds directly to taxpayers' bank accounts.

Eligibility requirement for tax year 2024 (filing year 2025) will be released in January 2025 ahead of tax season.

The Office of the Comptroller has 11 branch offices throughout the state that are open Monday through Friday, 8:30 a.m.to 4:30 p.m.

Marylanders can find and schedule appointments at their nearest taxpayer services office or schedule a virtual appointment by visiting https://www.marylandtaxes.gov/locations.php.

Taxpayers can also call 1-800-MD-TAXES or email <u>taxhelp@marylandtaxes.gov</u> for assistance.

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