

## TAX RETURNS

### IRS Direct File: What You Need to Know for 2025

The Trump administration has ended this free IRS tax filing program. Find out what's happening and what it means for you.



The IRS Direct File program will not be offered for the 2026 filing season, leaving potentially millions of taxpayers without this free file option.

The program, which allowed residents in 25 pilot states to file directly with the federal tax agency, was officially discontinued this month. The decision to shutter Direct File was set in motion by the 2025 Trump tax bill, though officially executed after a long-awaited U.S. Treasury Department task force report was released.

Here's more of what you need to know.

#### **What was IRS Direct File?**

Direct File was a free way for taxpayers to file directly with the IRS. It was created after the tax agency found that many filers would be interested in such a program, with funding from the Inflation Reduction Act (IRA), signature legislation from the Biden administration.

- For last year's 2024 tax filing season, Direct File's initial pilot proved a success across 12 participating states, with over 140,000 taxpayers using the service.
- According to the IRS, most reported their experience with the program as "Excellent" or "Above Average."
- In tax season 2025, the Direct File program opened on January 27 (the day the IRS officially began accepting returns), and 30 million taxpayers were expected to be eligible.)
- However, participation was on a state-by-state basis. Basically, you could only use Direct File if you lived in a nonparticipating state, the District of Columbia, or a U.S. territory.

### **IRS Free File vs. Direct File: What's the difference?**

Although they may have similar names, the IRS Direct File program differed from Free File. Free File partners with private-sector companies to offer free tax filing services, while Direct File was an option to file directly through the IRS.

Unique eligibility requirements also separated the two programs. Free File is generally for taxpayers with lower- to middle-income. For tax year 2025, that's an adjusted gross income (AGI) of \$84,000 or less (for guided tax software).

### **When Did IRS Direct File End? The Final 2025 Status**

According to the Associated Press, IRS official Cynthia Noe reportedly sent an email earlier this month to state comptrollers that typically participate in the program.

"IRS Direct File will not be available in Filing Season 2026," the email read. "No launch date has been set for the future."

The announcement came after a Treasury task force report recommended terminating the program last month. Among the reasons cited were cost and low participation. The report stated that the program had cost about \$138 per return to administer, though the uptake had risen 111% compared to the year prior.

Instead of Direct File, the GOP seeks to further improve the IRS's Free File program, according to the Treasury report. However, Direct File was established to address the limitations of Free File, like income limits and varied tax situations.

Plus, limitations aside, some are concerned that the call to eliminate Direct File is mainly due to its competition with commercial tax preparation software like H&R Block and TurboTax. (Free File uses private tax software companies.)

Regardless, taxpayers who have used Direct File for the last two years should begin searching for other free ways to file taxes for the 2026 filing season.

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*Kate is a CPA with experience in audit and technology. As a Tax Writer at Kiplinger, Kate believes that tax and finance news should meet people where they are today, across cultural, educational, and disciplinary backgrounds.*

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