



## Benefits of e-filing

Today's article takes a look at the benefits of electronic filing, commonly known as e-filing.

Technology has transformed our lives in ways generations past could hardly imagine. It has opened our current world to that of our dreams. From our invaluable cell phones and home computers to recreational devices like iPods and GPS locators, we are harnessing technology in all aspects of our lives.

So how does technology impact filing our taxes? Through electronic transmittal. Our computers and internet connections allow us to complete and submit our taxes electronically. E-filing has improved the lives of millions of people. The [AOL tax center](#) reports "More than 70 million taxpayers electronically filed returns last year. It was another e-filing record and the computer-relayed returns accounted for well more than half of the total 1040s the IRS received in 2006." The [IRS](#) statistics show 73 million returns were e-filed—of which 20 million were from home computers. While many of these returns were filed via tax professionals, hiring a professional to e-file your returns is not necessary.

In the past, IRS staff would manually enter each tax return into their computer system, thus creating an electronic file. E-filing removes a layer of work and there is less room for natural human error. This sole reason prompts many of us to e-file. Here are a few more reasons e-filing may be the best option for you.

### 1. Fast transmittal, acceptance and review and processing.

You get confirmation that IRS received your return. If there is a problem with your return, the IRS will notify you within 48 hours. They also provide guidance as to how to fix it so you can resubmit it. Once the IRS approves your return you should receive your money in about 2 weeks with Direct Deposit. If you prefer a paper check, they will mail that within approximately 3 weeks. To check the cycles visit [IRS e-file 2007 Refund Cycle Chart](#).

### 2. Safe and secure transmission of data.

Submitting your personal information over the internet is not as scary as it used to be. There are layers of security built in to the tax software programs and internet sites we use. Choose a reputable software or website! For more specific information about security on the program you choose, contact the software customer support department.

3. Save paper.

During tax season, my office goes through about 1 ream of paper (500 sheets) per 10 clients. The average client copy of a tax return is about 50 pages long. This includes the worksheets and supporting documents. It is difficult for me to comprehend how much paper the big chains must consume.

4. Convenient electronic refund and payment options.

With your bank routing number and your account number you can have your refund directly deposited to your account. You can also have your payment automatically deducted from your account. This will help you avoid late payment penalties and fees.

The [IRS](#) offers additional payment options like EFTPS (Electronic Federal Tax Payment System) or via credit card.

5. Most states participate.

Thirty-eight [states currently participate](#) in similar e-file programs with various benefits. California offers added options, like “[file now pay later](#)”.

TIP: [Use the internet to check on the status of your refund!](#) Simply click on the image of the \$100 bill to continue.

We have covered a lot of ground so far. As we progress into the second half of our series we will go a level deeper. Upcoming articles will delve into specific information about your taxes when purchasing homes, expanding your family, and retiring.