

119TH CONGRESS
2D SESSION

H. R. 7806

To amend the Internal Revenue Code of 1986 to codify the Direct File program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2026

Mr. SHERMAN (for himself, Mr. BEYER, Mr. HOYER, Ms. CHU, Mr. POCAN, Mr. AGUILAR, Mr. AMO, Ms. ADAMS, Ms. BALINT, Ms. BARRAGÁN, Mrs. BEATTY, Ms. BONAMICI, Ms. BROWNLEY, Mr. CARSON, Mr. CASTEN, Ms. CASTOR of Florida, Mrs. CHERFILUS-McCORMICK, Mr. CISNEROS, Ms. CLARKE of New York, Mr. COHEN, Mr. CONAWAY, Mr. COSTA, Mr. DAVIS of Illinois, Ms. DEAN of Pennsylvania, Ms. DEGETTE, Ms. DELAURO, Ms. DELBENE, Mr. DELUZIO, Ms. DEXTER, Mr. DOGGETT, Ms. ELFRETH, Mr. FIELDS, Mrs. FLETCHER, Mr. FOSTER, Mrs. FOUSHEE, Ms. LOIS FRANKEL of Florida, Ms. FRIEDMAN, Mr. FROST, Mr. GARAMENDI, Mr. GARCIA of California, Ms. GARCIA of Texas, Mr. GARCÍA of Illinois, Mr. GOLDMAN of New York, Mr. GOMEZ, Mr. GREEN of Texas, Mrs. GRIJALVA, Mr. HARDER of California, Mrs. HAYES, Mr. HIMES, Mr. HORSFORD, Ms. HOULAHAN, Mr. HUFFMAN, Mr. IVEY, Ms. JACOBS, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Ms. KELLY of Illinois, Mr. KENNEDY of New York, Mr. KHANNA, Mr. LANDSMAN, Mr. LARSEN of Washington, Mr. LATIMER, Ms. LEE of Pennsylvania, Mr. LYNCH, Mr. MANNION, Ms. MATSUI, Ms. MCBRIDE, Mrs. McCLAIN DELANEY, Ms. McCLELLAN, Ms. MCCOLLUM, Ms. McDONALD RIVET, Mr. MCGOVERN, Mrs. McIVER, Mr. MENENDEZ, Mr. MFUME, Mr. MOULTON, Mr. MULLIN, Ms. NORTON, Ms. OCASIO-CORTEZ, Mr. OLSZEWSKI, Ms. OMAR, Mr. PALLONE, Ms. PINGREE, Ms. PRESSLEY, Mr. QUIGLEY, Mrs. RAMIREZ, Ms. RANDALL, Mr. RASKIN, Ms. SALINAS, Ms. SÁNCHEZ, Ms. SCANLON, Ms. SCHAKOWSKY, Ms. SCHRIER, Mr. SCOTT of Virginia, Mr. DAVID SCOTT of Georgia, Ms. SIMON, Mr. SMITH of Washington, Mr. SOTO, Ms. STANSBURY, Mr. SWALWELL, Mr. TAKANO, Mr. THANEDAR, Mr. THOMPSON of Mississippi, Ms. TITUS, Ms. TLAIB, Ms. TOKUDA, Mr. TONKO, Mrs. TRAHAN, Mr. SUOZZI, Mr. TORRES of New York, Mr. VARGAS, Mr. VEASEY, Ms. VELÁZQUEZ, Mr. VINDMAN, Mr. WALKINSHAW, Ms. WASSERMAN SCHULTZ, Mrs. WATSON COLEMAN, Ms. WILLIAMS of Georgia, Mr. DESAULNIER, Mr. CORREA, Mr. SUBRAMANYAM, and Ms. MENG) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to codify
the Direct File program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Direct File Act of
5 2026”.

6 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**
7 **ERNMENT TAX PREPARATION AND FILING**
8 **SERVICES.**

9 (a) IN GENERAL.—The Secretary may not enter into
10 any agreement after the date of the enactment of this Act
11 which—

12 (1) restricts the Secretary’s legal right to pro-
13 vide tax return preparation services or software or to
14 provide tax return filing services,

15 (2) requires the Secretary to not provide such
16 services or software for any period of time, or

17 (3) conditions any provision of such agreement
18 on the Secretary not providing such services or soft-
19 ware.

20 (b) EXISTING AGREEMENTS VOIDED.—Any agree-
21 ment described in subsection (a) which was entered into
22 on or before the date of enactment of this Act shall be

1 void as of the date which is 30 days after the date of en-
2 actment of this Act.

3 (c) DEFINITION.—For purposes of this section, the
4 term “Secretary” means the Secretary of the Treasury or
5 the Secretary’s delegate.

6 **SEC. 3. CODIFICATION OF DIRECT FILE.**

7 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following new section:

10 **“SEC. 7531. ONLINE TAX PREPARATION AND FILING PRO-**
11 **GRAM.**

12 “(a) ESTABLISHMENT OF PROGRAMS.—The Sec-
13 retary shall establish and operate a program under which
14 taxpayers may prepare and file individual income tax re-
15 turns online.

16 “(b) REQUIREMENTS FOR ONLINE TAX PREPARA-
17 TION AND FILING PROGRAM.—

18 “(1) IN GENERAL.—The program described in
19 subsection (a) shall—

20 “(A) be owned by the Federal Government,

21 “(B) use data contained in the records of
22 the Internal Revenue Service to simplify the
23 preparation and filing process whenever pos-
24 sible, including by seamlessly importing such

1 data into a taxpayer's income tax return at the
2 election of the taxpayer,

3 “(C) be user-tested and employ an inter-
4 view-based filing system through which the tax-
5 payer answers applicable questions and the rel-
6 evant information is automatically input into
7 their income tax return,

8 “(D) use plain language and be made
9 available in multiple languages,

10 “(E) be accessible on mobile devices,

11 “(F) conform to all guidelines under sec-
12 tion 508 of the Rehabilitation Act of 1973 (29
13 U.S.C. 794d),

14 “(G) be displayed in a prominent position
15 on the website of the Internal Revenue Service,

16 “(H) be promoted through a comprehen-
17 sive mass marketing campaign, including en-
18 gagements with mass media such as television,
19 radio, and social media,

20 “(I) be promoted to taxpayers who are
21 likely to be eligible to use such program,

22 “(J) provide integrated customer support,
23 including live chat services, to allow taxpayers
24 to receive direct and immediate help from the

1 Internal Revenue Service regarding their re-
2 turns, and

3 “(K) allow a taxpayer to file a return re-
4 gardless of whether such taxpayer is required to
5 file a return for the taxable year.

6 “(2) ELIGIBILITY.—

7 “(A) IN GENERAL.—For any taxable years
8 beginning after 2027, not less than 50 percent
9 of taxpayers residing in participating States
10 shall be eligible to use the program described in
11 subsection (a), and the Secretary shall continue
12 to expand eligibility for such program to the
13 maximum extent possible.

14 “(B) PARTICIPATING STATE.—For purpose
15 of this section, the term ‘participating State’
16 means any State which—

17 “(i) elects to provide State tax return
18 filing functionality that is integrated with
19 the program described in subsection (a), or

20 “(ii) does not impose a State income
21 tax.

22 “(C) SECRETARIAL DISCRETION.—For
23 purposes of subparagraph (A) and complying
24 with the requirements under such subpara-
25 graph, the Secretary may determine, in such

1 manner as the Secretary deems appropriate,
2 which taxpayers residing in participating States
3 are eligible to use the program described in sub-
4 section (a).

5 “(3) REPORT.—No later than August 31, 2027,
6 and annually thereafter, the Secretary shall report
7 to Congress on use levels and patterns of usage of
8 the program described in subsection (a), including—

9 “(A) data reporting taxpayers’ satisfaction
10 levels and impressions of the program and plans
11 for how the Secretary will improve satisfaction
12 with the program, and

13 “(B) barriers to use and plans for how the
14 Secretary will address such barriers.

15 “(c) TAXPAYER RESPONSIBILITY.—Nothing in this
16 section shall be construed to absolve the taxpayer from
17 full responsibility for the accuracy or completeness of their
18 return of tax.

19 “(d) PROHIBITION ON FEES.—No fee may be im-
20 posed on any taxpayer for the use of any program estab-
21 lished under subsection (a).

22 “(e) STATE INCOME TAX RETURNS.—

23 “(1) IN GENERAL.—Subject to any applicable
24 requirements under section 6103, as part of the pro-
25 gram described in subsection (a), the Secretary shall

enable taxpayers residing in a participating State described in subsection (b)(2)(B)(i) to file, in as seamless a manner as possible, any State or local income tax returns in conjunction with the filing of their Federal income tax return, including through methods such as—

“(A) sharing tax return information with State and local tax agencies, and

“(B) the establishment of a grant program to provide funding to each such participating State for the purposes described in paragraph (2).”

“(2) ELIGIBILITY.—A participating State described in subsection (b)(2)(B)(i) shall be eligible to receive \$1,000,000 under the grant program described in paragraph (1)(B) if such participating State can demonstrate to the Secretary (pursuant to such criteria as the Secretary determines appropriate) that the State tax return filing functionality satisfies standards which are similar to the standards established for the program described in subsection (a).”.

(b) FILING DEADLINE FOR INFORMATION RETURNS.—Section 6071(b) of such Code is amended—

(1) by striking subsection (b),

1 (2) by redesignating subsections (c) and (d) as
2 subsections (b) and (e), respectively, and

3 (3) by inserting after subsection (b) (as so re-
4 designated) the following new subsections:

5 “(c) INFORMATION RETURNS ACCOMPANIED BY
6 WRITTEN STATEMENT.—Returns made under any section
7 of subpart B of part III of this subchapter for which a
8 corresponding written statement is required (other than
9 returns required to be filed with respect to nonemployee
10 compensation) shall be filed on or before the date by which
11 such written statement is required to be furnished.

12 “(d) ALL OTHER ELECTRONICALLY FILED INFOR-
13 MATION RETURNS.—Returns made under subpart B of
14 part III of this subchapter which are filed electronically
15 and for which no deadline is established under subsection
16 (b) or (c) shall be filed on or before March 31 of the year
17 following the calendar year to which such returns relate.”.

18 (c) CLERICAL AMENDMENT.—The table of sections
19 for chapter 77 of such Code is amended by adding at the
20 end the following new item:

“Sec. 7531. Online tax preparation and filing program.”.

21 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
22 authorized to be appropriated to carry out the amend-
23 ments made by this section such sums as may be necessary
24 for the period of fiscal years 2026 through 2035.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to returns for taxable years begin-
3 ning after December 31, 2025.

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