

119TH CONGRESS
2D SESSION

S. 3948

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2026

Ms. WARREN (for herself, Mr. COONS, Mr. WYDEN, Ms. ALSOBROOKS, Ms. BALDWIN, Mr. BENNET, Mr. BLUMENTHAL, Ms. BLUNT ROCHESTER, Mr. BOOKER, Ms. CANTWELL, Ms. DUCKWORTH, Mr. DURBIN, Mr. FETTERMAN, Mr. GALLEGO, Mrs. GILLIBRAND, Ms. HASSAN, Mr. HEINRICH, Mr. HICKENLOOPER, Ms. HIRONO, Mr. KAINE, Mr. KELLY, Mr. KIM, Mr. KING, Ms. KLOBUCHAR, Mr. LUJÁN, Mr. MARKEY, Mr. MERKLEY, Mr. MURPHY, Mrs. MURRAY, Mr. PADILLA, Mr. REED, Mr. SANDERS, Mr. SCHATZ, Mr. SCHIFF, Mr. SCHUMER, Mrs. SHAHEEN, Ms. SMITH, Mr. VAN HOLLEN, Mr. WARNER, Mr. WELCH, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Finance

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”.

1 **SEC. 2. PROHIBITION ON AGREEMENTS RESTRICTING GOV-**
 2 **ERNMENT TAX PREPARATION AND FILING**
 3 **SERVICES.**

4 (a) IN GENERAL.—The Secretary may not enter into
 5 any agreement after the date of the enactment of this Act
 6 which—

7 (1) restricts the Secretary’s legal right to pro-
 8 vide tax return preparation services or software or to
 9 provide tax return filing services,

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

12 (3) conditions any provision of such agreement
 13 on the Secretary not providing such services or soft-
 14 ware.

15 (b) EXISTING AGREEMENTS VOIDED.—Any agree-
 16 ment described in subsection (a) which was entered into
 17 on or before the date of enactment of this Act shall be
 18 void as of the date which is 30 days after the date of en-
 19 actment of this Act.

20 (c) DEFINITION.—For purposes of this section, the
 21 term “Secretary” means the Secretary of the Treasury or
 22 the Secretary’s delegate.

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

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

1 **“SEC. 7531. ONLINE TAX PREPARATION AND FILING PRO-**
2 **GRAM.**

3 “(a) ESTABLISHMENT OF PROGRAMS.—The Sec-
4 retary shall establish and operate a program under which
5 taxpayers may prepare and file individual income tax re-
6 turns online.

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

9 “(1) IN GENERAL.—The program described in
10 subsection (a) shall—

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

12 “(B) use data contained in the records of
13 the Internal Revenue Service to simplify the
14 preparation and filing process whenever pos-
15 sible, including by seamlessly importing such
16 data into a taxpayer’s income tax return at the
17 election of the taxpayer,

18 “(C) be user-tested and employ an inter-
19 view-based filing system through which the tax-
20 payer answers applicable questions and the rel-
21 evant information is automatically input into
22 their income tax return,

23 “(D) use plain language and be made
24 available in multiple languages,

25 “(E) be accessible on mobile devices,

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

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

6 “(H) be promoted through a comprehen-
7 sive mass marketing campaign, including en-
8 gagements with mass media such as television,
9 radio, and social media,

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

12 “(J) provide integrated customer support,
13 including live chat services, to allow taxpayers
14 to receive direct and immediate help from the
15 Internal Revenue Service regarding their re-
16 turns, and

17 “(K) allow a taxpayer to file a return re-
18 gardless of whether such taxpayer is required to
19 file a return for the taxable year.

20 “(2) ELIGIBILITY.—

21 “(A) IN GENERAL.—For any taxable years
22 beginning after 2027, not less than 50 percent
23 of taxpayers residing in participating States
24 shall be eligible to use the program described in
25 subsection (a), and the Secretary shall continue

1 to expand eligibility for such program to the
2 maximum extent possible.

3 “(B) PARTICIPATING STATE.—For purpose
4 of this section, the term ‘participating State’
5 means any State which—

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

9 “(ii) does not impose a State income
10 tax.

11 “(C) SECRETARIAL DISCRETION.—For
12 purposes of subparagraph (A) and complying
13 with the requirements under such subpara-
14 graph, the Secretary may determine, in such
15 manner as the Secretary deems appropriate,
16 which taxpayers residing in participating States
17 are eligible to use the program described in sub-
18 section (a).

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

23 “(A) data reporting taxpayers’ satisfaction
24 levels and impressions of the program and plans

1 for how the Secretary will improve satisfaction
2 with the program, and

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

5 “(c) TAXPAYER RESPONSIBILITY.—Nothing in this
6 section shall be construed to absolve the taxpayer from
7 full responsibility for the accuracy or completeness of their
8 return of tax.

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

12 “(e) STATE INCOME TAX RETURNS.—

13 “(1) IN GENERAL.—Subject to any applicable
14 requirements under section 6103, as part of the pro-
15 gram described in subsection (a), the Secretary shall
16 enable taxpayers residing in a participating State
17 described in subsection (b)(2)(B)(i) to file, in as
18 seamless a manner as possible, any State or local in-
19 come tax returns in conjunction with the filing of
20 their Federal income tax return, including through
21 methods such as—

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

24 “(B) the establishment of a grant program
25 to provide funding to each such participating

1 State for the purposes described in paragraph
 2 (2).

3 “(2) ELIGIBILITY.—A participating State de-
 4 scribed in subsection (b)(2)(B)(i) shall be eligible to
 5 receive \$1,000,000 under the grant program de-
 6 scribed in paragraph (1)(B) if such participating
 7 State can demonstrate to the Secretary (pursuant to
 8 such criteria as the Secretary determines appro-
 9 priate) that the State tax return filing functionality
 10 satisfies standards which are similar to the stand-
 11 ards established for the program described in sub-
 12 section (a).”.

13 (b) FILING DEADLINE FOR INFORMATION RE-
 14 TURNS.—Section 6071(b) of such Code is amended—

15 (1) by striking subsection (b),

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

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

20 “(c) INFORMATION RETURNS ACCOMPANIED BY
 21 WRITTEN STATEMENT.—Returns made under any section
 22 of subpart B of part III of this subchapter for which a
 23 corresponding written statement is required (other than
 24 returns required to be filed with respect to nonemployee

1 compensation) shall be filed on or before the date by which
 2 such written statement is required to be furnished.

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

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

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

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

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

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