

# Exhibit

40

washingtonpost.com > Technology > Wires

FOLLOW THE POST ON: Facebook Twitter LinkedIn YouTube

POST BUSINESS

Japan tsunami spares major economic zones

Online Tax Filing No Longer Free for All

Chris Kirkham, Medill News Service
PC World
Thursday, January 26, 2006; 12:10 AM

WASHINGTON -- If you've been pointing and clicking your way to free online tax software through the Internal Revenue Service Web site in recent years, you may want to recheck your eligibility this tax season

Under a new agreement, the IRS and the Free File Alliance, a consortium of tax software companies formed in late 2002, are restricting free online income tax returns to users with incomes of less than \$50,000. In previous years, online software companies were required to make their products available to 60 percent of American taxpayers, regardless of income. Though the program targeted low- and middle-income people, each company was free to set its own guidelines for meeting the target percentage.

The compromise was aimed at protecting tax software companies from having to compete with a free online government tax preparation service. The IRS was looking into offering a free service after President Bush proposed free online tax preparation in 2002 as an e-government initiative.

Advertisement

The earlier agreement led to differing restrictions from each software company, and some allowed free access to anyone who linked to the site, says Tim Hugo, executive director of the Free File Alliance.

"Last year any billionaire was able to file their taxes for free using the service," Hugo says.

The new four-year agreement will steer the partnership between software companies and the government back to its original purpose of serving low- and middle-income taxpayers, Hugo says.

The IRS's Free File Web page links to 20 software companies, each of which has different restrictions for free users. Some provide services only to residents of certain states. Others have set their maximum permitted income figure below the agreed-upon limit of \$50,000, have imposed age restrictions or have established special exemptions for members of the military.

All companies must make their tax software available to 70 percent of taxpayers, and no individual company may cover more than 50 percent of the target group, which has prompted the differing sets of restrictions among companies.

Representatives from several tax software companies said that the new restrictions were necessary because last year market competition turned into a free-for-all. Hoping to attract more customers, upstart smaller companies offered tax software free to anyone, regardless of income. Their policies forced the other companies to follow suit.

"This program was never designed to be free advertising or a way to cheaply attract customers," says Julie Miller, a spokesperson for Intuit, which produces TurboTax software. "The question for every company became, 'Is that kind of free-to-everyone approach a sustainable model for the Free File Alliance?' The answer, I think, would be no."

One worry, Miller says, is that companies would continue to offer free software services for federal tax returns but jack up prices for state tax preparation service or related products.

Though companies are concerned about the bottom line, Miller says, only 2 percent of Intuit's paying customers switched over to the free service last year. Meanwhile, the number

Network News PROFILE X
Recommend
View More Activity
TOOLBOX
Resize Print
E-mail Reprints
Sponsored Links
Email Marketing Made Easy
Build Customer Relationships With Email Newsletters & Autoresponders. www.GetResponse.com
\$9 Car Insurance Trick?
I discovered the 1 car insurance trick your agent will NEVER tell you. www.TruthAboutCarInsurance.com
Buy a link here

Advertisement

TOP JOBS The Washington Post
Business Jobs
Computer Jobs
Construction Jobs
Education Jobs
Engineering Jobs
Healthcare Jobs
Legal Jobs
Management Jobs
Media Jobs
Non-Profit Jobs
Sales Jobs
Science Jobs
Find Your Dream Job Now!
keywords location
FIND JOBS
Jobs by SimplyHired
FEATURED ADVERTISER LINKS
Oil Spill, Mesothelioma Class Action, Fosamax Fracture, Asbestos & Veterans, Actos Bladder Cancer
Topamax Side Effects, Mesothelioma Treatment, Yaz Blood Clot, Asbestos cancer, Actos, Mesothelioma Symptoms
Join Pres. Obama. It's time to do it again.
Looking to buy a home? Visit TWP Real Estate section for the latest open houses.
Make Your Vanguard Investing More Profitable - Free Research Report Reveals Best & Worst Funds

of paying Web customers grew by 13 percent, she says

Convenience is part of the equation With several types of online software, including TurboTax, free members can't transfer personal information filed from the previous year Other companies provide online customer service to non-paying customers, but not telephone support

Bob Weinberger, vice president of government relations for H#00026R Block, which provides its TaxCut online service through Free File, says consumers would lose out on the best software if services permanently became free to all

"There is a public interest in having good tax software out there that is renewed and refreshed and innovative," Weinberger says "[The companies] were looking for a partnership and not a suicide pact "

But Lance Dunn, president of 2nd Story Software, producer of TaxAct online, sees things differently

"We were really interested in establishing a relationship with the taxpayer and wanted to get as many people exposed to TaxAct as possible," Dunn says "I think the program was better before, where anybody could get a free return It was also much simpler "

Sponsored Links

Email Marketing Made Easy

Build Customer Relationships With Email Newsletters & Autoresponders. www.GetResponse.com

\$9 Car Insurance Trick?

I discovered the 1 car insurance trick your agent will NEVER tell you. www.TruthAboutCarInsurance.com

Groupon.com Official Site

1 huge daily deal on the best stuff to do in your city. Try it today! www.Groupon.com

Buy a link here

Network News

MY PROFILE X

Friends' Activity

Sign Up

Create an account or log in to See what your friends are doing.



The Tea Fragger Party

5,258 people recommend this.



Congressional leaders struggle to work out bipartisan debt deal

818 people recommend this.



Can a giant platinum coin save our credit? - Ezra Klein - The Washington Post

515 people recommend this.



Summer TV Press Tour 2011: What Harry Belafonte would ask Congress about the debt crisis - The TV Co

1,347 people recommend this.



Apple has more cash on hand than the U.S. Treasury

1,610 people recommend this.

Facebook social plugin

View More Activity

Slate HIGHLIGHTS



Cowboys & Aliens A Dumb Movie That Thinks It's Smart

Book Clubs: Why Do We Love Them? Is It the Zuc...

Buddhist Monks Dodge Sex-Abuse Charges and Oth...

Look, I Found My Great Grandma on Flickr

See All of Slate »

More in Technology



KREBS

Security Fix

Brian Krebs on how to protect yourself from the latest online security threats.



KANG

Post Tech Blog

The Post's Ceci Kang on the FCC, net neutrality and more tech policy.



PEGORARO

Faster Forward

Tech columnist Rob Pegoraro blogs about gadgets, software, tech glitches and more.

© 2006 PC World Communications, Inc. All rights reserved

Ways you can get us

- Mobile
- Newsletter & alerts
- Post Store
- Photo Store
- Washington Post Live

- Apps
- RSS
- Facebook
- Twitter

The Washington Post

- About Us
- Work for us
- Community Relations
- PostPoints
- Corrections/Suggestions
- Archive
- Contact the Ombudsman
- Report a problem

Web site

Make us your homepage

Newspaper

- Subscribe
- Home delivery service
- e-Replica
- Reprints

Advertise

- In the newspaper
- On the web site
- Mobile
- Events

The Washington Post Company

Post Company web sites

Partners

