

H&R Block to Offer Free Online Tax Preparation and E-Filing for Qualifying Taxpayers Via IRS Partnership

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Free File Alliance Designed to Boost e-Filing Among Manual Do-It-Yourselfers

KANSAS CITY, Mo., Jan. 16 /PRNewswire-FirstCall/ -- As part of a unique industry/Internal Revenue Service (IRS) partnership to promote e-filing, H&R Block (NYSE: HRB) today will begin offering free online tax preparation and e-filing for qualifying taxpayers who access the company's Online Tax Program via the Web site at www.irs.gov.

As a member of the Free File Alliance, LLC (FFA), Block will offer free federal online tax preparation and e-filing to taxpayers whose adjusted gross income is \$28,000 or less. Adjusted gross income equals gross income less certain allowable deductions.

"Taxpayers win because many will enjoy the benefits of e-filing for the first time," said Betsy Stephens, H&R Block's vice president of product strategy. "The IRS wins because it will boost the number of e-filed returns, and H&R Block wins because it will introduce new users to our online tax program."

By removing the cost barrier to trying online tax preparation, the unique partnership will support the IRS' goal of having 80 percent of all federal returns e-filed by 2007. IRS promotional efforts will target do-it-yourself taxpayers who currently do not e-file. This free online offer will be available to qualifying taxpayers who access it from irs.gov, and will not be available from H&R Block offices.

Qualifying taxpayers can use Block's Online Tax Program (OTP), which features a simple, click-through interview that cuts hours off the time it takes to complete a paper return. The interview customizes itself based on each taxpayer's unique tax and financial situation, and Block provides users with relevant advice designed to save money and help them plan their financial futures. The program fills out the required tax forms and checks for errors.

The IRS estimates that between 25-30 million taxpayers manually complete their taxes without e-filing. The benefits of e-filing include a faster refund, increased accuracy and confirmation that the IRS has accepted the return.

"Pen-and-paper taxpayers who typically spend 12 hours or more completing their tax return will appreciate the benefits of online tax preparation and e-filing," Stephens said.

Additional features of Block's Online Tax Program (OTP) include: Tax Law Assistant, Comprehensive IRA Advisor, Home Mortgage Advisor and automatic data import. Users will also have access to Express IRA technology that enables users to instantly open an IRA and fund the account with their tax refund.

Online taxpayers looking for help will have access to free support via e-mail and online resources. Those seeking a deeper level of service will have access to the company's other online products and services, including a consultation with an H&R Block tax professional.

"Because of its goal to drive manual, do-it-yourself taxpayers online to enjoy the benefits of e-filing, the FFA program will expose our brand and our online products and services to the people who stand to gain the most," said Stephens.

In addition to the free filing offer, Block has introduced a wide variety of free, Web-based tax and financial planning tools and information designed to help taxpayers reach their financial goals. Resources at www.hrblock.com include federal tax forms and a variety of calculators that enable users to see the effects of various tax laws on their taxes and finances.

Block is the world's largest e-filer. Last year the company e-filed 15.4 million returns, or 85 percent of the returns submitted by the company.

About H&R Block

H&R Block Inc. (www.hrblock.com) is a diversified company with subsidiaries that deliver tax services and financial advice, investment and mortgage products and services, and business accounting and consulting services. As the world's largest tax

services company, H&R Block served nearly 23 million clients during fiscal year 2002. Clients were served at the approximately 10,400 H&R Block retail offices worldwide and through the company's award-winning software, TaxCut(R), and its online tax services. H&R Block is the only major tax and financial services company that focuses primarily on helping middle-income taxpayers achieve their financial goals. Investment services and securities products are offered through H&R Block Financial Advisors Inc., member NYSE, SIPC. H&R Block Inc. is not a registered broker-dealer. H&R Block Mortgage Corp. offers retail mortgage products. Option One Mortgage Corp. offers wholesale mortgage products and a wide range of mortgage services. RSM McGladrey Inc. serves mid-sized businesses with accounting, tax and consulting services. SOURCE H&R Block Inc.

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/CONTACT: Tom Linafelt of H&R Block, +1-816-932-8418, tlinafelt@hrblock.com /

/Web site: <http://www.irs.gov>