



Free Tax Software: An Affordable Do-It-Yourself Solution

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While most of us dread filing our taxes, there's something to cheer about this year: cash-strapped taxpayers now have an easier path to their refunds. Free tax preparation software, based on an H&R Block professional product, is being given away by more than 90 United Way affiliates nationwide to anyone earning \$56,000 or less annually.

By Alyssa Danigelis

The [tax return service](#) is expected to return an estimated \$300 million in tax refunds to participants and save them an additional \$45 million collectively on service fees. "It's a pretty big number," says the software's developer Lee Davenport. "The service is poised to serve a quarter million people."

Several years ago, when Davenport worked for a New York City nonprofit that prepared taxes for low-income families, he noticed that clients were waiting patiently in uncomfortable chairs for eight-hour stretches to get the free service. They were saving money—professional tax preparers cost \$200 on average—and were avoiding predatory lenders.

But millions of Americans were already saving time and money by submitting returns online from home. "Can we get people to a place where they can learn to do their own taxes?" Davenport wondered. "It's such a huge step."



The path to free tax preparation software began in 2006 when Davenport joined [One Economy](#), a Washington, D.C.-based organization that helps people with technology. His first project there was a website called the Beehive.

The [Beehive](#) provides essential information about jobs, health, school, and other key areas even for people with a sixth-grade reading level. Davenport became the leader of the Beehive's money section, and One Economy's program director of national financial partnerships. He collaborated with H&R Block to get a stripped-down version of its tax software for the site.

“The tax preparation field is great at doing one-on-one taxes, but is sometimes reluctant to enter a new area,” Davenport said. “We wanted to get some positive attention focused on the idea that clients could begin to learn to do their own taxes.”

Roshan Paul, a senior change manager at Ashoka and a good friend of Davenport, used One Economy's software to file his taxes this year. “I didn't even know I was eligible for tuition deductions, so my tax refund is a lot higher than if I hadn't used the software,” he said. Paul estimates it took him about an hour to complete the federal return.

Last fall, Davenport entered the Beehive's free tax preparation tool in the Changemakers' [Banking on Social Change](#) competition. While he didn't win, just [participating](#) was its own reward.



Ivan Hurtado provides tax preparation assistance

“I used it as a no-pressure, no-funding way that allowed me to focus my efforts and make pointed arguments for why it would work,” Davenport said. “A month or two later, when there was a funding opportunity that came up, I had this material already written.”

That funding opportunity was a big one and it came from the Wal-Mart Foundation, which provided a \$3.6 million grant to scale-up the free tax preparation service. Wal-Mart also put One Economy in touch with the United Way, which made its affiliates available to host the service.

One Economy’s grassroots effort includes five [mobile tax vans](#) traveling to underserved communities across the country. Participants bring a few key documents, get set up at a laptop, and answer online questions to complete the return. Certified tax preparers are on hand to field questions and the process usually takes under an hour.

By setting up in store parking lots, at mega-churches, and community centers, Davenport hopes to reach Americans who wouldn’t think of themselves as wanting to get a social service. “I want people to do their taxes online, not because I love taxes but because I want people to capture their own momentum and do something with it that saves them money,” he says.

So, has Davenport filed his taxes yet? “I have not. I’m working 16 hours a day, six days a week,” he says. “But I’m ready. It’s going to be a good year to get taxes done.”