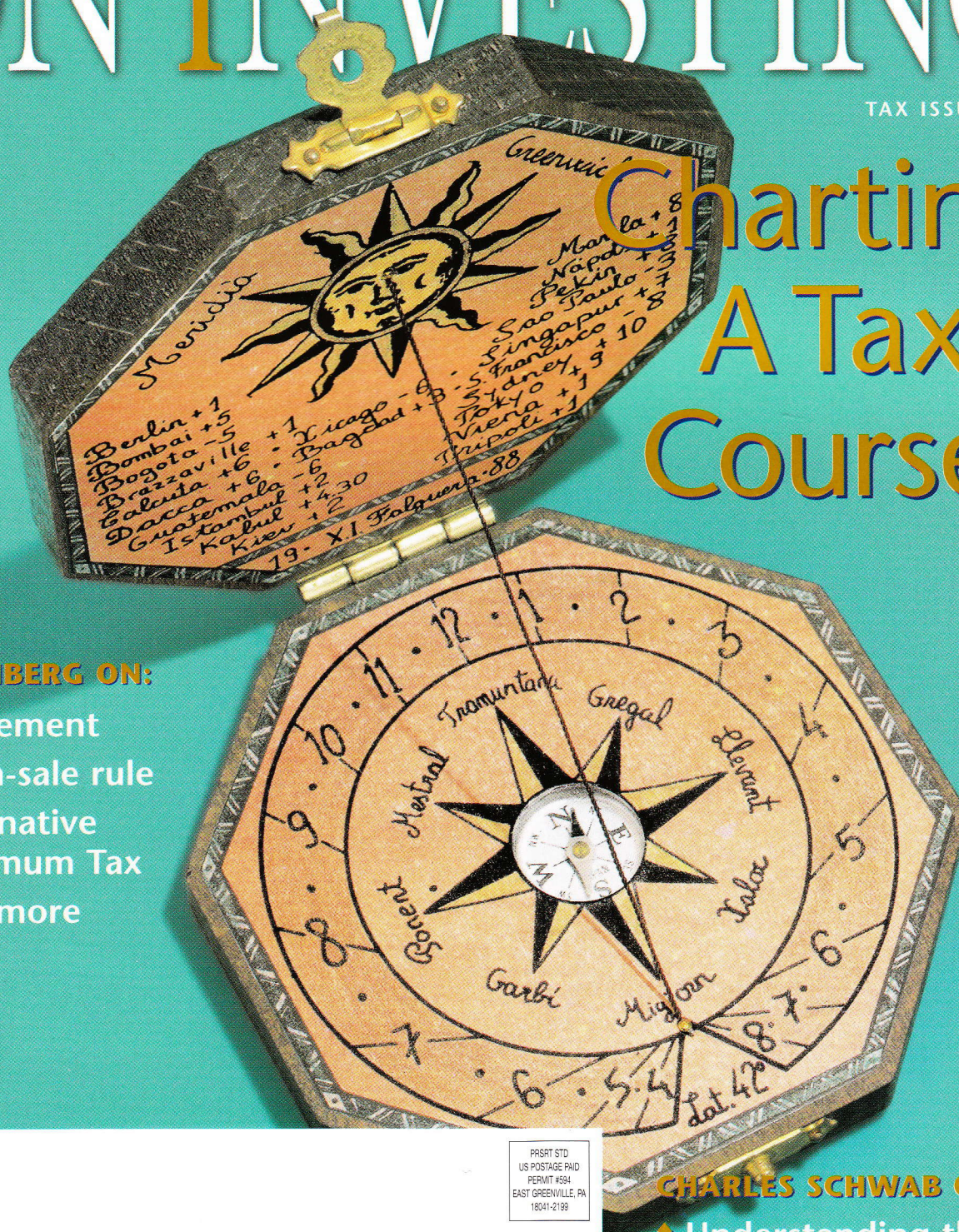


ON INVESTING

TAX ISSUE 2001

Charting
A Tax
Course**BLOOMBERG ON:**

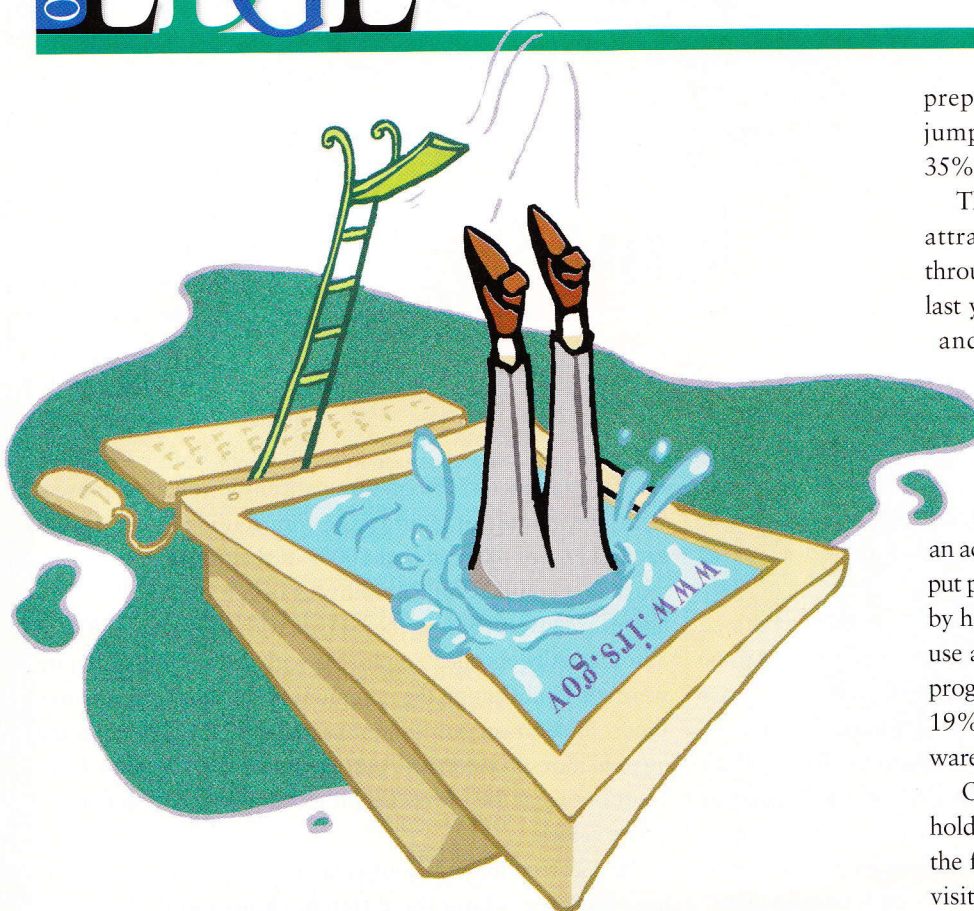
- ◆ Retirement
- ◆ Wash-sale rule
- ◆ Alternative Minimum Tax
- ◆ And more

PSRT STD
US POSTAGE PAID
PERMIT #594
EAST GREENVILLE, PA
18041-2199

CHARLES SCHWAB ON:

- ◆ Understanding the new tax cut
- ◆ Year-end tax tips
- ◆ Tax-efficient funds

FOR EMPLOYEE AND BRANCH USE ONLY



IRS Expects More Taxpayers to Dive into E-Filing

Some people may be wary of submitting their federal and state tax forms via the Internet. And why not? If something goes wrong, the consequences loom. But more and more taxpayers are taking the leap of faith and filing electronically.

The top concerns among those reluctant to prepare their taxes online include security and privacy, according to a survey conducted by Jupiter Media Metrix. Thirty-three percent of the survey's respondents say they're not reluctant to self-prepare their taxes online.

According to the Internal Revenue Service, through April 20, taxpayers filed

nearly 39.5 million returns electronically, breaking the 35.4 million record for all of the year 2000. By the end of the e-filing program later this year, the IRS says it expects to have received about 40 million returns via the Internet; that's more than 30% of individual U.S. taxpayers. The IRS says that the number of people using home computers to self-

prepare and file income tax returns jumped to more than 6.6 million—a 35% increase over last year.

The IRS Website itself (www.irs.gov) attracted more than 1.5 billion hits through April 16, a 57% increase over last year. And the number of tax forms and other documents downloaded from the site topped 103 million through February, a 100% increase over last year.

Jupiter reports that 38% of those surveyed say they plan to stick with an accountant, and 24% say they plan to put pencil to paper and fill out their forms by hand. But 5% of online users plan to use a do-it-yourself, Internet-based tax program to prepare their returns, while 19% say they plan to use desktop software to self-prepare their returns.

Online users with an annual household income of more than \$100,000 are the fastest-growing demographic group visiting tax-related Websites since the peak month of last year's tax season (February 2000), the report reveals. Traffic to tax sites hailing from this income bracket increased 45%, to 3.2 million in February 2001 from 2.2 million unique visitors in February 2000.

What tax Websites are self-preparers visiting? Jupiter reports that the top tax-related sites visited by self-preparers with household incomes over \$75,000 a year are accountantsworld.com, cch.com, irs.org, taxes4less.com, and quicken.com.

John Q. Public is becoming more comfortable receiving funds via the Internet, too. More than 31 million taxpayers requested direct deposit of their tax refunds—a 14.5% increase over last year. Through April 20, \$66.5 billion in refunds were directly deposited into taxpayer accounts. ◀ —Diana Ascher

“TAXPAYERS WHO E-FILE ARE FAR LESS LIKELY TO GET A LETTER FROM THE IRS THAN THOSE FILING A PAPER RETURN”

—Charles Rossotti, IRS Commissioner