



AMERICAN COALITION FOR
TAXPAYER RIGHTS

Delivered Via Email

February 25, 2026

The Honorable Todd Young
U.S. Senate
185 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Raphael Warnock
U.S. Senate
717 Hart Senate Office Building
Washington, DC 20510

The Honorable Rudy Yakym
U.S. House of Representatives
349 Cannon House Office Building
Washington, DC 20515

The Honorable Brad Schneider
U.S. House of Representatives
300 Cannon House Office Building
Washington, DC 20515

Dear Senators Young and Warnock and Congressmen Yakym and Schneider:

I am writing today on behalf of the American Coalition for Taxpayer Rights (ACTR)¹, the national trade association for America's leading retail tax preparation and tax software companies, to express our members' strong support for the objective of your legislation, the BARCODE Efficiency Act (S. 452/H.R. 6956).

Our members assist in the preparation and filing of approximately 110 million of the more than 160 million individual federal income tax returns each year. We agree with the goal of your legislation: to move away from manual data transmission toward automated data intake via scanning, which is already occurring at the Internal Revenue Service. However, we do have concerns that your bill mandates the use of a specific technology that is already outdated, and believe the bill – and our shared objective – would benefit if the bill would permit the IRS and industry to accomplish this same goal using newer technology.

Specifically, we recommend technical revisions would better align the legislation with current IRS practices, industry standards, and the practical realities of implementing new requirements while also continuing to embrace the spirit of the legislation to modernize the IRS and streamline the tax-filing process.

¹ ACTR members include H&R Block; Intuit, Inc.; Jackson Hewitt Tax Services; Liberty Tax; OnLine Taxes; Pathward; Republic Bank and Trust; TaxHawk; Tax Products Group; TaxSlayer; TaxWell; and Wolters Kluwer.

First, we recommend updating the language in Section 2(a)(1) by replacing the term “code” with language that states: “such return shall have the ability to convert data to electronic format.” This language more accurately reflects the goal of facilitating digital data capture without locking the IRS or industry into a specific technology that may not be optimal or enduring.

Second, in Section 2(a)(2), we suggest removing the word “barcode” so that the text refers only to “scanning technology.” The IRS has deliberately moved away from 2D barcodes after extensive analysis and input from state partners, shifting instead to Optical Character Recognition (OCR) and Intelligent Character Recognition (ICR) because of its accuracy, flexibility, and ease of integration. Our industry has followed the same path. The National Association of Computerized Tax Processors (NACTP) has gradually phased out barcodes in its standards, favoring OCR/ICR because these technologies are simpler to develop, easier to test, and more accurate and cost effective for both developers and the agency. With the IRS already achieving strong results using OCR/ICR systems, reinserting barcoding requirements would be inconsistent with their modernization efforts.

Third, we recommend adjusting the effective dates in the legislation, so they align with a tax filing season rather than a fixed timeframe following enactment. Depending on when in the calendar year the bill is signed into law, a fixed number of days may not allow enough time for either the IRS or industry to make the necessary updates before the next tax season begins. Anchoring the effective date to a specific tax season provides predictability and sufficient preparation time.

We believe these changes are essential because mandating the use of barcodes in statute risks reintroducing outdated technology and undermining progress already made. Designing and testing forms optimized for OCR/ICR is significantly more straightforward than building and validating barcoded forms, and the IRS’s current scanning infrastructure is aligned with OCR/ICR solutions. Legislating a specific technology, particularly one that is already being phased out, could hinder future innovation and create compliance challenges as the industry would be forced to revert to antiquated methods.

While the bill has received a mark-up in the House Ways and Means Committee, we believe it is still important to make these changes as the bill works its way through both chambers. Making the bill technology neutral and aligned with current systems using this general bill language will help future-proof its requirements and reduce unnecessary implementation barriers, especially in the age of AI and the IRS’s paperless initiative.

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Sincerely,



David Ransom
Counsel
American Coalition for Taxpayer Rights (ACTR)

cc: The Honorable Mike Crapo, Chairman, Committee on Finance
The Honorable Ron Wyden, Ranking Member, Committee on Finance
The Honorable Jason Smith, Chairman, Committee on Ways and Means
The Honorable Richard Neal, Ranking Member, Committee on Ways and Means