United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

H.R. 6956, *BARCODE Efficiency Act*

Rep. Brad Schneider (D-IL), Rep. Rudy Yakym (R-IN)

Background:

- In 1986, the IRS began an electronic filing (e-filing) pilot program. In 1990, the program was expanded nationwide and has grown exponentially, totaling 155 million returns in 2025.
- Despite the increase of e-filed returns and IRS encouraging e-filing as the preferred method of filing, **millions of taxpayers continue to file returns on paper every year.**
    - **Approximately, 10.5 million paper returns were filed during 2025.**
- The Taxpayer Advocate Service (TAS) July 2025 report stated that even though the IRS had a successful 2025 filing season, "**processing delays continued to impact paper returns…and correspondence**."
    - TAS went on to say that the "**IRS needs to focus on modernizing processing and handling of paper submissions**."
    - Manual data entry contributes to IRS processing backlogs.
- Treasury is authorized to prescribe regulations setting the standards for which returns must be filed on machine readable forms, however, Treasury "may not require returns of any tax imposed…on individuals, estates, and trusts, to be other than on paper forms supplied by the Secretary."

H.R. 6956, *BARCODE Efficiency Act*:

- **Requires that returns prepared electronically, but printed and filed on paper, include a barcode that the IRS could digitize by scanning.**
    - This code will contain the data from the printed form and allow IRS to use scanning technology to upload the data to the IRS system.
    - This will increase IRS efficiency with paper returns by speeding up the process and eliminating manual entry.
    - IRS staffing resources could better focus on pressing needs like customer service and response than manually inputting data.
- Requires IRS to **transcribe handwritten returns and paper correspondence using scanning technology.**
    - This provision will allow IRS to use **scanning technology** to upload tax return data from various returns that would typically be manually input into the IRS system, increasing efficiency and data accuracy.