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HEADLINE: Quicker happy returns; Innovation: Maryland now permits electronic filing over your home computer; Taxes

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BODY:

Maryland State Comptroller William Donald Schaefer heralded electronic tax return filing yesterday as "the right thing to do."

At a news conference in southern Baltimore, Schaefer alerted Maryland residents that this is the first tax season in which taxpayers can file their state returns electronically from their home computer.

"It's fast. It's accurate. And your refund will be returned quickly," Schaefer said at the Volunteer Income Tax Assistance Center at the Harbor Hospital LifeRe- source Center.

Schaefer outlined the advantages of electronic filing as: Electronic returns are processed overnight, so if taxpayers choose direct deposit, refunds will be in their bank account within 48 hours. Refunds are usually returned in about 10 days if taxpayers file a paper return.

Software detects and corrects errors before the return is filed.

E-filing reduces the time spent on taxes by up to 50 percent.

A taxpayer's information is transmitted over secure computer lines.

For about a decade, Maryland has permitted electronic filing only by paid professionals. The Internal Revenue Service has allowed such preparation for about 12 years.

This year, Maryland joins about 20 other states that permit electronic filing from home. The IRS has allowed e-filing from home for about four years.

The chief advantage to the state is a significant cost savings, said Marvin A. Bond, an assistant state comptroller. To process a paper return, it costs the state about \$2. Processing an electronic filing saves about 20 percent of that, he said.

Yet, the campaign must conquer some apprehension among taxpayers.

"Older people are afraid of electronic filing," Schaefer said. "Computers are a mystery to them. They've dealt with paper all their lives."

Denuta Borek, 74, was one such taxpayer who was surprised to find that the Volunteer Income Tax Assistance Center at the Harbor Hospital LifeResource Center completes electronic returns only.

"It's my first time having this done and I'm not sure I trust it," Borek said.

Borek's daughter, Agnes Whisenant, shared her concern. "I'll have my return processed electronically if things work out well for my mother," she said.

Another customer, Mattie McLeod, 43, preferred electronic filing. "It's much faster and I need to take care of this immediately," she said. "I have no concerns. I prefer this over doing it myself and putting it in the mail."

As of Feb. 28, nearly 185,000 tax returns had been filed electronically, according to the comptroller's office. That figure is 27 percent ahead of the number of electronic tax returns received by the same time last year. The state received 220,000 total electronic returns last year. So far, 8,300 taxpayers have filed from home.

The state has three approved vendors for e-filing: TurboTax, which offers free e-filing to those with an adjusted gross income of \$20,000 or less and charges others from \$9.95 to \$19.95 each for federal and state returns; Secure Tax, which charges a total of \$9.95 for both federal and state tax returns; and Bailey's Business Service Center, which charges \$12.50 for Maryland tax returns only. The vendors provide the software for taxpayers to file their Maryland tax form.

For more information on electronic filing, the Maryland comptroller's Web site is www.marylandtaxes.com.

GRAPHIC: PHOTO(S) Free tax service: Volunteer tax counselor Joseph Turpin assists Denuta Borek, 74, (right) of Glen Burnie with her tax returns at Harbor Hospital LifeResource Center. Her daughter, Agnes Whisenant, said she was considering electronic filing.

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