# IRS e-File for Large Tax-Exempt Entities Filing Their Own Information Returns

## October 3, 2005

# Part I
# Background Information

## Purpose

All tax-exempt organizations are encouraged to file their information returns (Forms 990 and 990-EZ) electronically. Temporary Treasury Regulation Section 301.6033-4T, published January 12, 2005, requires certain tax-exempt entities to file their returns electronically. The following information will help you determine how to file electronically.

- **Tax-exempt organizations with assets under $10M** must use an *Authorized IRS e-file Provider* to file their return electronically.
- **Tax-exempt organizations with assets of $10M or more** may either use an Authorized IRS *e-file* Provider to electronically file their return or electronically file their own return.

This document is written for tax-exempt organizations that choose to electronically file their own returns rather than use an Authorized IRS e-file Provider. Follow the instructions in this document to be authorized by the IRS to participate in IRS *e-file* as a "Large Taxpayer." See Part II, Registration and Application for Large Taxpayers.

If you already use a paid preparer to prepare your return, you may want to check with your preparer to see if it is an *Authorized IRS e-file Provider.* You may also visit www.irs.gov for a list of Authorized IRS e-file Providers.

## Exempt Organizations Required to e-file

On January 12, 2005, IRS published Temporary Regulation Section 301.6033-4T that requires certain tax-exempt entities to file their information returns using the new Modernized e-File System.

The new regulations require tax-exempt organizations with assets of $100 million or more, who also file at least 250 returns a year, to file Form 990 electronically for tax years ending on or after December 31, 2005.

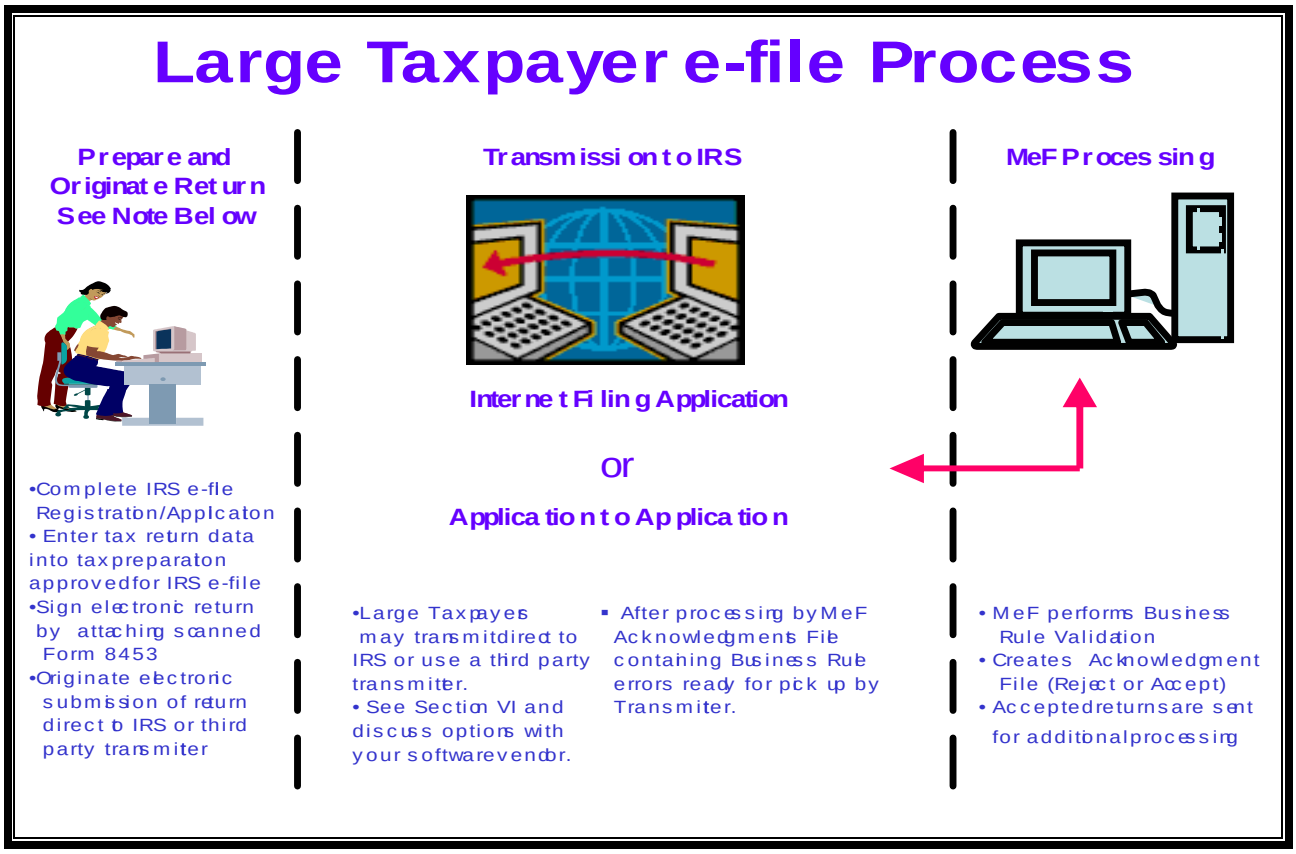
The electronic filing requirement will be expanded to apply to tax-exempt organizations with assets of $10 million or more, and private foundations and certain trusts required to file Form 990-PF, who also file at least 250 returns a year, to file electronically for tax years ending on or after December 31, 2006.

The 250-return threshold is a legal requirement and includes income tax, employment and excise tax returns as well as information returns, such as Forms W-2 and 1099.

**For additional information see Frequently Asked Questions at www.irs.gov/e-file. For questions concerning this requirement send an email to TEGE-EO-efile@irs.gov**

The Modernized e-File (MeF) system is a new IRS electronic filing system implemented in February 2004. MeF is used to process electronic Forms 990, 990-EZ, 990-PF, and 1120-POL returns and Form 8868 extensions, in addition to corporate income tax returns. IRS spent over three years on the design and development of the Modernized e-File (MeF) system. To ensure the needs of the tax-exempt community were understood, IRS worked closely with stakeholders such as accounting firms, software developers, and exempt organizations during all phases of design, development and implementation of MeF. Many complex issues were identified and the solutions were incorporated into the design of MeF to ensure the most complicated returns can be processed electronically. Below is a brief overview of the process that may be used by tax-exempt organizations with assets of $10M or more to participate in IRS e-file as a Large Taxpayer.

The first step for tax-exempt organizations making decisions about electronic filing is to discuss various options with their software developer. In order for software companies to market their tax preparation software with the electronic filing option, they must pass Assurance Testing and get approved by IRS. Tax-exempt organizations considering electronic filing may also visit the Approved IRS e-file for Business Providers for Forms 990/990EZ/990-PF and 1120-POL at: http://www.irs.gov/efile/lists/0,,id=119598,00.html for a list of software developers approved for IRS e-file.



**Note: The activity of return preparation is separate and different from the origination of the electronic submission of the return.**

## Originate Return and Convert to XML Format

After a Large Taxpayer completes the preparation and signing of its return, tax preparation software will provide the necessary instructions to "originate" the electronic submission of the return and authorize the filing of the return via IRS e-file. During this process the electronic return data is converted into the format defined by IRS for electronic filing. A critical part of the MeF design was the decision to use an XML format for transmitting electronic return data to IRS. XML schemas ensure the electronic return data transmitted to IRS meets required specifications and allows MeF systems to process and view the electronic return data. The following is a brief explanation of how XML schemas are developed and used to send electronic return data for MeF processing:

1. Each line or data element on every IRS form is given an XML name tag.
2. Every instance of supporting data is defined and given an XML name tag.
3. These name tags are defined in XML schemas which are provided by IRS to software developers.
4. Software developers use the XML schemas to output the return data from tax preparation software into the specified electronic filing format.
5. Software developers must test their tax preparation software with IRS and MeF systems to ensure it can correctly format and transmit electronic data to IRS. (See Tax Preparation Software Must Be Approved by IRS for Electronic Filing) for a detailed explanation of software testing.
6. IRS validates transmitted XML files against the XML schemas in the MeF test and production systems.

Extensive testing is performed to ensure once the electronic return data is received it can be accurately processed by MeF systems. IRS Product Assurance performed extensive testing by inserting test data into every line of every form and every instance of supporting data to ensure the data is formatted and displayed accurately by MeF systems. Product Assurance conducted over 25,000 test cases before MeF was implemented. Every time an IRS form is changed and affects the XML schema, the entire process is repeated. IRS cannot implement MeF programs until all critical defects are corrected and the system completes the Certification and Accreditation (C&A) Process as discussed.

## Tax Preparation Software Must be Approved by IRS for Electronic Filing

IRS requires all tax preparation software used for preparing electronic returns to pass the IRS requirements for MeF Assurance Testing (ATS). ATS is briefly explained below:

1. IRS issues a publication which includes a series of test returns and instructions.
2. Software developers use the IRS test information to create test returns and format in the specified XML format.
3. The software developer must transmit the XML formatted test returns to IRS.
4. An IRS tax examiner checks every data entry field on the return.

a. These checks ensure calculations on the test return match the answers provided by IRS on the test returns.
b. These checks also ensure the software correctly formats the test return data in XML format, and the data can be successfully transmitted to, received and the return viewed by IRS.

5. When the software correctly performs all functions discussed above, IRS approves the software for electronic filing.

NOTE: The test returns issued by IRS do not include all forms or schedules that can be part of an actual return.

## Security and Transmitting Electronic Returns

Large Taxpayers may choose to transmit direct to IRS or use a third party transmitter. Transmitters will use the internet to transmit electronic return data to the IRS Modernized e-File (MeF) system. As part of MeF, IRS designed and implemented Internet Filing Application (IFA) and Application to Application (A2A) to meet the needs of registered transmitters who send large complex returns. The design of the IFA and A2A features Web Services-Interoperability (WS-I) security standards.

The IRS Mission Assurance and Security Services (MA&SS) organization and Modernization and System Security Engineering (M&SSE) and Privacy function ensure all IRS systems used to receive, process and store return data are secure. ANY AND ALL access to return data is protected, fully controlled, monitored, verified, and logged for analysis of potential abusive or malicious purposes.

OMB Circular A-130, and the Federal Information Security Management Act (FISMA) (Title III of the E-Government Act (P.L.107-347)) require major applications such as MeF to undergo a Certification and Accreditation (C&A) Process.

- Certification is a formal review and test of the security safeguards implemented to determine whether the system provides adequate security that is commensurate with the risk of operating the system on the IRS information technology infrastructure.

- Accreditation is the formal authorization by the Executive Level Business Owner responsible for the operation of the MeF system and the explicit security.

Specific guidance is provided by various National Institute of Standards (NIST) special publications (the “800” series.) The process must include formal review and testing of the design and implementation of the system’s security controls. The IRS M&SSE organization and the business system owner were jointly responsible and actively involved in completing the IRS C&A Process for MeF.

IFA and A2A are hosted within the IRS’ Modernized System Infrastructure and are accessed through the Registered User Portal (RUP). Transmitters are required to use a unique user name and password in conjunction with their EFIN and ETIN data in order to log in to the RUP. Once the transmitter successfully logs into the RUP, the SSL Handshake Protocol allows the RUP and transmitter to authenticate each other and to negotiate an encryption

algorithm and cryptographic keys before the first byte of return data is transmitted. This connection is private. The transmitter and the RUP negotiate a secret encryption key (Transmitter's Browser for the IFA channel and the Transmitter's Web Service Client for the A2A channel) for encrypted communication between the transmitter and the MeF system. This secret key is shared only between the transmitter and the RUP and is not known to any individual. The transmission is part of a secure communications protocol HTTPS/SSL. The strength of the encryption key used determines the degree of difficulty for anyone to decode the key and thereby decode the return data. IRS uses SSL 3.0 128-bit encryption for access to the RUP. The key created for each transmission is almost impossible to break since using 128-bit creates as many combinations as the number of water molecules in 2.7 million Olympic size swimming pools. The secure SSL tunnel also protects the return data from being intercepted while in transit.

## MeF Processing

When an IFA transmission is complete, a GTX key is generated immediately indicating the transmission to IRS was successful. When an A2A transmission is complete, a receipt is immediately generated indicating the transmission to IRS was successful. The next step is for MeF to validate the transmission file and the electronic returns and generate an Acknowledgement File which is the official notification that the electronic return was Accepted (no errors) or Rejected (errors identified). If the electronic return is rejected, the Acknowledgment File will contain an Error Code Explanation(s) that can be used to identify and correct errors. IRS makes the Acknowledgment File available for the Transmitter to "pick up" as soon as MeF processing is completed. If a third party is used to transmit the return to IRS, the third party transmitter is responsible for retrieving the Acknowledgment File from IRS and making the file available to the Large Taxpayer.

## Assurance of Data

MeF requires tax preparation software to create a "Hash" or "Check Sum" which counts each byte of electronic return data and includes in the transmission file sent to IRS. When IRS receives the transmission file, one of the first steps of processing the electronic return will be to count the bytes received. The Acknowledgment File will include the incoming hash and the IRS computed hash along with the DATA ELEMENT # 1 and DATA ELEMENT # 2.

## Benefits of IRS *e-file*

Electronic filing has many benefits. Exempt organizations should check with their software developer to determine which features are available:

- Electronic filing reduces normal IRS processing time required for paper returns.
- MeF validates electronic returns and provides a prompt acknowledgment that a return was received by IRS.
    - Faster processing means faster settling of accounts and better customer service.

- MeF validation reduces errors and increases security by reducing duplicate or erroneous returns.
- Business Rules are specific in defining the location of the error and the error is stated in plain English.

# Part II
# How to Register and Apply as a Large Taxpayer

You must first register for e-services and then submit an IRS *e-file* Application as a Large Taxpayer to be authorized by IRS to electronically file your own return. The IRS defines a Large Taxpayer as a business or other entity with assets of $10 million or more, or a partnership with more than 100 partners, that originates the electronic submission of its own return(s).

According to Publication 3112*, Application and Participation in IRS e-file*, you originate the electronic submission of a return by:

- Electronically sending the return to a Transmitter that will transmit the return to the IRS;
- Directly transmitting the return to the IRS; or
- Providing a return to an Intermediate Service Provider for processing prior to transmission to the IRS.

Exempt organizations meeting the definition of Large Taxpayer, should assign a "Responsible Official" who will complete the online registration and application process. The Responsible Official is not required to be an officer of the organization. Officers are not required to be listed during on line registration and/or application. The "suitability checks" (discussed in Publication 3112) which IRS performs on applicants that prepare returns for profit are <u>not</u> performed on Responsible Officials and/or Delegated Official listed on the registration and/or application for Large Taxpayers since they are required to e-file their return and do not prepare returns for profit.

It is recommended that Large Taxpayers complete the online registration and application process at least 45 days before they plan to file their electronic return. As part of the online application process, the IRS will issue an Electronic Filing Identification Number (EFIN) and an Electronic Transmitter Identification Number (ETIN) to each business it authorizes as a Large Taxpayer. As a Large Taxpayer, you must use the EFIN for each return you electronically file. You must also use the ETIN for each electronic return you transmit directly to the IRS. You have an option to either transmit your return directly to the IRS or to use an IRS approved Transmitter to transmit the return to the IRS. Before applying, contact your Software Developer to decide which option and product best meet your business needs.

It is important to become familiar with the rules and requirements for participation in IRS *e-file* by reading the applicable IRS *e-file* documents. The publications and other information

about IRS *e-file* and related topics, including state filing information, can be found on the IRS web site at www.irs.gov**.** Large Taxpayers who have questions or don't know where to begin may call IRS *e*-Help, toll-free at 1-866-255-0654 for assistance.

## Steps for a Large Taxpayer to e-file

It is easy to become authorized by IRS as a Large Taxpayer by following the two steps described below.

**Step 1 – Complete Online Registration**
Registration is required to gain access to the electronic IRS *e-file* Application. Any Responsible Official(s) of the firm and Delegated User(s) who are listed on the application must register separately. During registration, each person will be required to enter the information below. The electronic registration will prompt for missing information.

a. Name,
b. Tax Identification Number (Social Security Number),
c. Date of Birth,
d. Adjusted Gross Income from current or prior year individual income tax returns.

These "shared secrets" will authenticate that person to IRS. Additionally, during the process each person will be required to select a Username, Password and PIN. For specific instructions, refer to **Exhibit 1**.

**Step 2 – Application**
Complete and submit the electronic IRS *e-file* Application on the IRS web site at www.irs.gov. Once completed, the IRS *e-file* Application provides basic information about the business and key people (Responsible Official and Delegated User) in the business. If needed, help is available when completing the application by clicking designated words and symbols. For additional assistance, call *e*-Help, toll-free at 1-866-255-0654. For complete details, refer to **Exhibit 2**.

## Responsible Officials

A Responsible Official is an individual who is responsible for the exempt organization's *e-file* operation. They are the first point of contact with the IRS, and have authority to sign revised IRS *e-file* applications. The Responsible Official ensures that the exempt organization adheres to the provisions of all publications and notices governing IRS *e-file*. If one individual cannot fulfill these responsibilities, additional Responsible Officials may be identified. To add or change Responsible Officials, the IRS *e-file* Application must be revised.

## Delegated Users

A Delegated User is an individual within a firm/organization, other than a Responsible Official, who is authorized to use one or more of the e-Services products. A Responsible Official appoints an individual as a Delegated User on the IRS *e-file* Application. A

Delegated User should be an employee, partner, or other member of the firm/organization or have a business relationship with the firm/organization. A Delegated User may be authorized by a Responsible Official with one or all of the following authorities:

- Viewing, updating, signing, and submitting IRS *e-file* Applications;
- Accessing e-Services incentive products (Disclosure Authorization, Electronic Account Resolution and Transcript Delivery System);
- Transmitting Forms 990 through the Internet (Internet Transmitter);
- Requesting a new password (Security Manager).

The actions of the Delegated User are the responsibility of the Responsible Official who appoints the individual.

**It is important that Responsible Officials and/or Delegated Users and their authorities be deleted from the IRS *e-file* Application when they are no longer associated with the Large Taxpayer or when their position within the firm no longer warrants one or more authorities.**

## Acceptance by IRS

After the application is processed by IRS, an acceptance letter will be mailed. If you plan to transmit your returns directly to the IRS, you must complete Communication testing before acceptance. Refer to Part IV for information regarding required testing.

Credentials are issued to the Large Taxpayer each year in the form of an acceptance letter and a security letter that allows participation in IRS *e-file*. The Electronic Filing Identification Number (EFIN) is included in the acceptance letter and the ETIN and password are included in the security letter. The letters are issued by IRS prior to December and addressed to the Primary Contact at the business mailing address listed on the Application.

It is not necessary to submit a new IRS *e-file* Application each year to participate in IRS *e-file*. Letters are issued annually and confirm that the Large Taxpayer may continue to participate. Acceptance letters are automatically sent out if:

- The taxpayer's mailing address is up-to-date on IRS *e-file* Application records;
- The taxpayer transmitted at least one e-file return that was acknowledged as accepted for the previous or the current year;

If all of the above conditions have met, but a letter has not been received by mid-December, contact *e*-Help, toll-free at 1-866-255-0654 to check the status.

## Reporting Changes

A Responsible Official or a Delegated User authorized to revise an IRS *e-file* Application should ensure that the IRS has current information. All required changes can be made using the IRS *e-file* Application at the IRS web site.

The Application must be revised within thirty days of a change of any information on the current application. This is important for several reasons. If the IRS does not have current addresses, important letters, credentials, publications, or other materials may not be received. If any of these items are returned to the IRS indicating that the address has changed, the Large Taxpayer will be temporarily removed from participation in IRS *e-file*. This means that all returns submitted after that time will be rejected until the address information is updated. The same is true for telephone numbers. If the IRS tries to call a number that has changed or has been disconnected, the Large Taxpayer will be temporarily removed from participation in IRS *e-file* until new telephone numbers are provided. Keep in mind that changes submitted on an IRS *e-file* Application will not change the address of record for the tax records nor will a change to tax records automatically update information associated with your EFIN.

The Large Taxpayer should notify the IRS within thirty days to discontinue participation in IRS e-file. The easiest way is to use the "Close Office" feature on the IRS *e-file* Application on the IRS web site. E-file identification numbers (EFINs) or passwords may not be sold or transferred.

## Other Information

Large Taxpayers must adhere to all applicable IRS *e-file* rules and requirements regardless of where published. The list below, while not all-inclusive, applies to Large Taxpayers.

- Ensure against the unauthorized use of its EFIN and/or ETIN;
- Notify the IRS of changes as described in this document in a timely manner; and
- Cooperate with the IRS' efforts to monitor electronic filing fraud and abuse.

# Part III
# General Information For Preparation and Origination Of Exempt Organization Electronic Returns

This section provides general information for Large Taxpayers to use for preparation and origination of the electronic submission of MeF returns. This information should be used in conjunction with Publication 4206, Modernized e-File Information for Authorized *e-file* Providers for Exempt Organization Filings, for specific information.

## Return Preparation for Electronic Returns

Electronic filing may change some of the internal processes exempt organizations currently use to prepare their paper return which is mailed to IRS. Tax preparation software approved for electronic filing will provide specific instructions for exempt organizations to use in preparation of an electronic return but exempt organizations should be aware and prepare in advance for the following MeF requirements that may impact return preparation. EOs required to file Form 5471 don't have to submit a duplicate copy to the Philadelphia Service Center. Also, a copy of Form 8868 need not be attached.

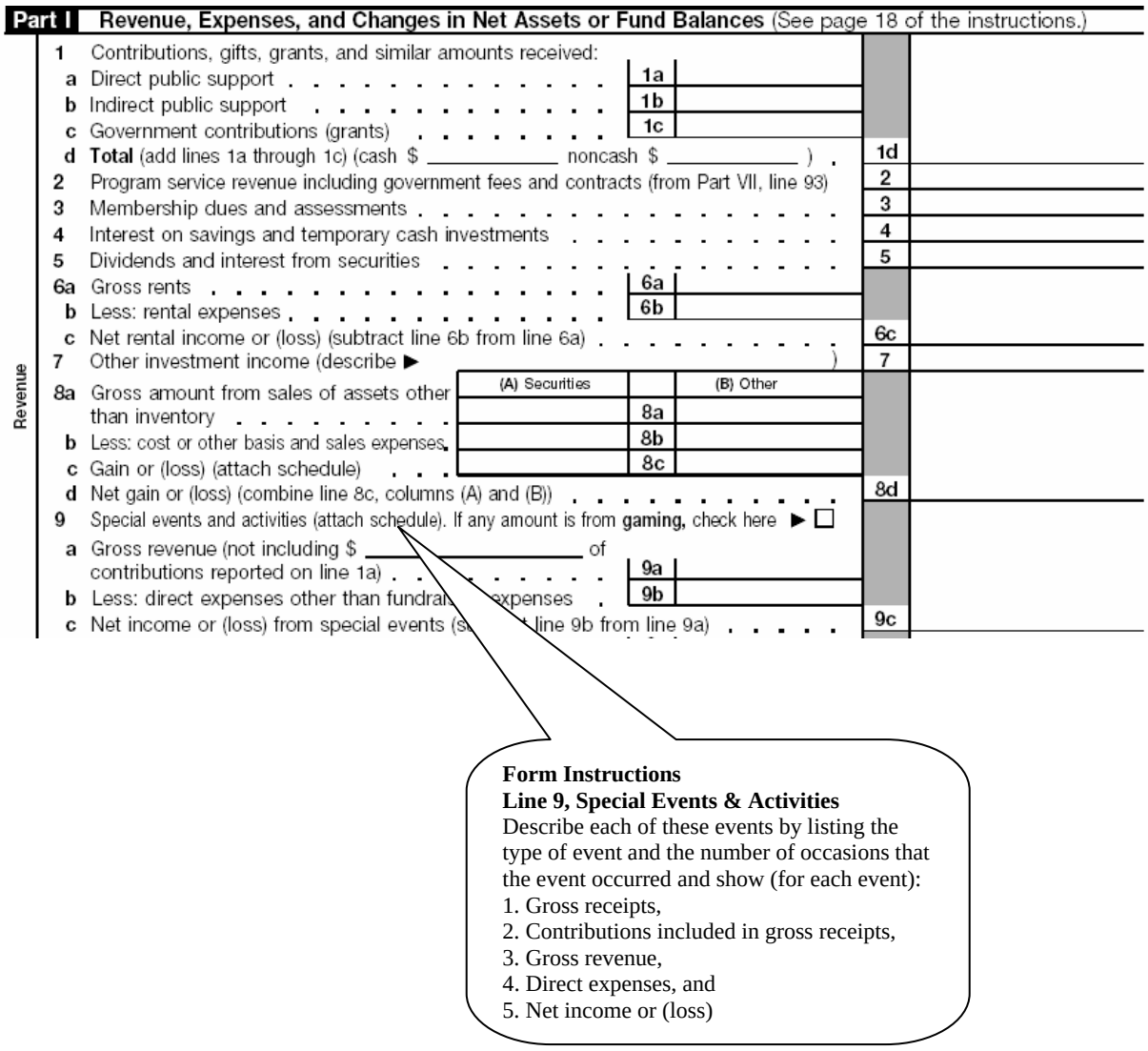
## Supporting Data Required by Form or Form Instructions

Taxpayers use tax preparation software to prepare most of their paper return but may use other formats (Word, Excel, etc) to prepare supporting data. The documents containing supporting data are then attached to the portion of the return prepared by tax preparation software and mailed to IRS.

MeF requires all supporting data to be included in tax preparation software. IRS reviewed all of the forms (and attachments) that may be attached directly to Forms 990 and identified every instance where taxpayers are required to attach supporting data. IRS provided structured formats to software developers for every instance. (In very limited circumstances, a pdf document may be attached to a form attached to Form 990. These very limited occurrences are only when a structured format is not provided.) Software developers are required to use these formats for developing tax preparation software approved by IRS for electronic filing. It is the responsibility of software vendors to provide appropriate instructions for taxpayers to enter supporting data to meet the IRS guidelines. Most software vendors will allow taxpayers to import/export data from other sources but taxpayers are encouraged to discuss available options with their software vendor early to determine how to prepare supporting data. The examples on the following pages will assist taxpayers in understanding how to prepare supporting data for electronic returns.

**Example 1 – Supporting data required by IRS forms.**

IRS issued specific formats that software developers must use for this type of supporting data. In the example below, taxpayers must include (either by entering or importing) data for the required information as indicated in tax preparation software instructions.




**Example 2** - **Supporting Data required by IRS form instructions.**
IRS issued specific formats that tax preparation software must use for supporting data required by form instructions. In the example below, taxpayers must include (either by entering or importing) required data for additional years as indicated by tax preparation software instructions.

**Part IV-A** **Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) ***Use cash method of accounting.***

**Note:** *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.*

| Calendar year (or fiscal year beginning in) ▶ | (a) 2003 | (b) 2002 | (c) 2001 | (d) 2000 | (e) Total |
|---|---|---|---|---|---|
| 15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) | | | | | |
| 16 Membership fees received | | | | | |
| 17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose | | | | | |
| 18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 | | | | | |
| 19 Net income from unrelated business activities not included in line 18 | | | | | |
| 20 Tax revenues levied for the organization's benefit and either paid to it or expended on | | | | | |

**Schedule A instructions, page 6:**
If the organization's status is based on years not shown in the Support Schedule, attach an additional schedule for the other years.

**Example 3 – Supporting Data required as another IRS form**.
In the following example, form instructions require the taxpayer to attach another IRS form as supporting data. Failure to use the required IRS form will cause the electronic return to reject.

Form **990**

Department of the Treasury
Internal Revenue Service

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2005**

**Open to Public Inspection**

A For the 2005 calendar year, or tax year beginning , 2005, and ending , 20

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

City or town, state or country, and ZIP + 4

D Employer identification number

E Telephone number ( )

F Accounting method: ☐ Cash ☐ Accrual ☐ Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

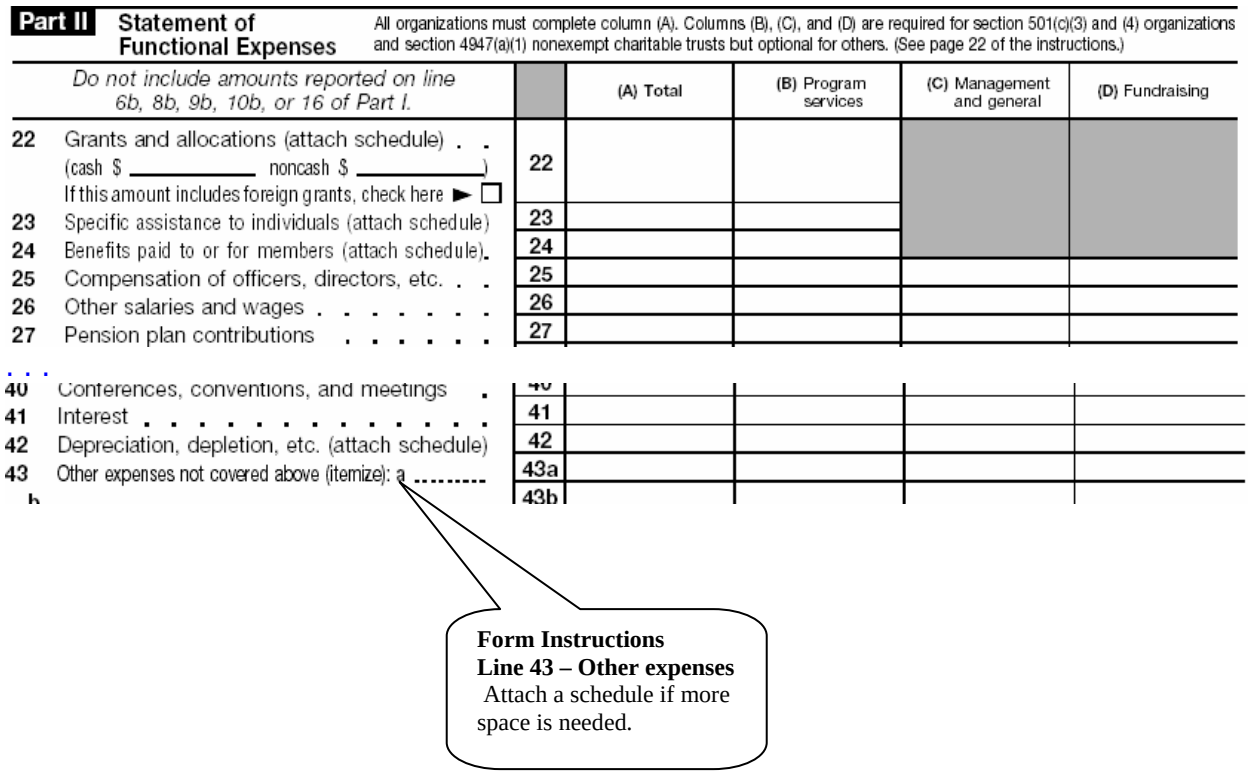
H(a) Is this a group return for affiliates? ☐ Yes ☐ No

H(b) If "Yes," enter number of affiliates ▶

G Website: ▶

**Example 4 – Supporting Data required for tables on IRS forms.**

When required data exceeds number of lines provided on IRS forms, tax preparation software will allow the taxpayer to continue to enter all necessary data instead of creating an attachment. When the electronic data is transmitted and processed the data will be displayed as "repeating data" by MeF systems.



**Part II** Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

| | Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I. | | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising |
|---|---|---|---|---|---|---|
| 22 | Grants and allocations (attach schedule) (cash $ _____ noncash $ _____) If this amount includes foreign grants, check here ► ☐ | 22 | | | | |
| 23 | Specific assistance to individuals (attach schedule) | 23 | | | | |
| 24 | Benefits paid to or for members (attach schedule) | 24 | | | | |
| 25 | Compensation of officers, directors, etc. | 25 | | | | |
| 26 | Other salaries and wages | 26 | | | | |
| 27 | Pension plan contributions | 27 | | | | |
| 40 | Conferences, conventions, and meetings | 40 | | | | |
| 41 | Interest | 41 | | | | |
| 42 | Depreciation, depletion, etc. (attach schedule) | 42 | | | | |
| 43 | Other expenses not covered above (itemize): a | 43a | | | | |
| | b | 43b | | | | |

**Form Instructions**
**Line 43 – Other expenses**
Attach a schedule if more space is needed.

## Be Careful With Addresses

The address on the first page of the electronic return, once processed by the IRS, will be used to update the taxpayer's address-of-record. The IRS uses a taxpayer's address-of-record for various notices that are required to be sent to a taxpayer's "last known address" under the Internal Revenue Code.

## Foreign Address

Exempt Organization returns with a foreign address in the entity portion of the Form 990 may be filed electronically.

There will be instances in the preparation of the tax returns, forms or attachments when a two character Foreign Country Code is required. This code should always be the code of

the Foreign Country or Foreign Sovereignty as recognized by the US State Department. For example; Scotland, Wales, and England are part of the foreign country United Kingdom. The Foreign Country Code for United Kingdom is UK. The Balearic Islands are a part of Spain and should be coded as Spain, "SP". These are just a few examples. When entering foreign addresses on the return or form, the state or republic (such as Scotland or England) can be entered with the city; "London, England" and the country as "United Kingdom" or "UK". Refer to Publication 4163, Exhibit 4, for additional Foreign Country Code information.

## Address Changes

### Domestic Address

Forms 990 MeF will accept all domestic address changes as shown by the exempt organization in the entity portion of the return. IRS will update the entity information with the change of address.

### Foreign Address

Forms 990 MeF will not accept changes to foreign addresses.

### Standard Street Address Abbreviations

Standard Street Address Abbreviations are included in Publication 4206, Exhibit 5. The list is comprised of common abbreviations that are recognized by the U.S. Postal Service.

### Valid ZIP Codes

See Publication 4206, Exhibit 6 for a complete list of valid ZIP Codes.

## Organization Name Controls

The Name Control for exempt organizations should be determined from the information specified on the first name line. Generally, the Name Control is derived from the first four characters of the exempt organization's name and consists of up to four alpha and/or numeric characters. See Publication 4206, Exhibit 1 for a complete list of rules for creating Name Controls and examples.

If after reading this section additional assistance is needed, contact the e-Help Desk at 1-866-255-0654 (Prompt 1, 2, 5).

## Signing an Electronic Return

As with any exempt organization return submitted to the IRS on paper, an electronic return must be signed by an authorized officer and the paid preparer, if applicable. The exempt organization (taxpayer) must designate a principal of the firm responsible for signing the return. The officer must sign and date the "Declaration of Taxpayer" (Form 8453 EO) to authorize the origination of the electronic submission of the return to the IRS prior to the transmission of the return. The Declaration of Taxpayer includes the taxpayer's declaration under penalties of perjury that the return is true, correct and complete. If a third party is

used to transmit the return, the Form 8453 also gives the taxpayer's consent to have the IRS send your Transmitter an acknowledgement indicating whether or not the return was accepted and, if rejected, the reason(s) for the rejection.

If the electronic return data on a return is changed after the Declaration of Taxpayer is signed, you must sign a new declaration if your gross receipts differ by more than $100.

If you use a Paid Preparer to review and sign the return, then you must also have that paid preparer sign the Form 8453 EO. The Paid Preparer must check the box in the "Paid Preparer's Use Only" section. Paid Preparers do not have to disclose their SSN or EIN on the copies they supply to taxpayers.

Tax preparation software approved for electronic filing should include Forms 8453-EO which must be completed and signed by all required parties. These documents will then be scanned into a PDF document and inserted into the electronic return. IRS approved MeF software will provide instructions for including the scanned document with your electronic tax return.

## Submitting a Timely Filed Electronic Tax Return

All prescribed due dates for filing returns apply to MeF returns. You must ensure that the electronic return is transmitted on or before the due date (including extensions). An electronically filed return is not considered filed until the return has been acknowledged by the IRS as accepted for processing and a signature for the return has been received.– If you use a third party transmitter, the transmitter has the option to enter a "Postmark Date" based on the time and place the return originated.

## Rejected Electronic Returns on Due Dates

If the electronic return is transmitted on or shortly before the due date and is rejected, you will have twenty (20) calendar days after the date the IRS notifies you in the acknowledgement file that the return was rejected to submit a corrected timely filed return.

## Record Keeping and Documentation Requirements

You must retain the information listed below until the end of the calendar year in which the calendar year return was filed and/or one year after a fiscal year return was filed. You may retain the required records at the business address of the Responsible Official so that records can be made available to the IRS upon request.

- A complete copy of the electronic return that can be readily and accurately converted into an electronic transmission that the IRS can process; and
- The acknowledgement file for IRS accepted returns.

You may electronically image and store all paper records that you are required to retain for IRS *e-file*. This includes signed signature documents (Form 8453-EO). The storage system

must satisfy the requirements of Revenue Procedure 97-22, *Retention of Books and Records*. In brief, the electronic storage system must ensure an accurate and complete transfer of the hard copy to the electronic storage media. All records must be able to be reproduced with a high degree of legibility and readability (including the taxpayers' signatures) when displayed on a video terminal and when reproduced in hard copy.

NOTE: It is not required, but Large Taxpayers may also retain a copy of the electronic return data after it is formatted into XML and before it is transmitted to IRS or a third party transmitter. In the unlikely event there is a dispute concerning electronic data displayed by MeF systems this file could be used as proof of the data as originally transmitted. Both IRS and the transmitter are required to retain a separate copy of the electronic return in the original format.

# Part IV
# Procedures for Large Taxpayer Who Transmit Directly to IRS

This section provides general information for Large Taxpayers who transmit electronic returns directly to IRS. This information should be used in conjunction with sections of Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters*, which provides specific information.

## What is a Transmitter?

A Transmitter transmits electronic tax return information directly to the IRS.
The IRS accepts transmissions using a variety of telecommunication protocols. In order to transmit electronic return data directly to the IRS, Transmitters must be equipped with both computer hardware and software that make it possible. You must have an EFIN, an ETIN and a password. Testing that ensures the compatibility of your transmission systems with the IRS systems must be completed to enable transmission of the electronic return data to the IRS. Check with your software developer if you are interested in transmitting directly to IRS.

The following sections in Publication 4164 contain specific information necessary for transmitting returns and correcting errors.

- **Transmission Methods for MeF (Section 3)**
  - Transmitting through MeF Internet Filing (Section 3.2.2 through 3.2.5)
  - Application to Application will be added
- **Validating the Transmission and Return Data (Section 4)**
  - Business Rules ( Section 4.1 and list of business rules)
  - Validating Transmission File (Section 4.2)
  - Validating Tax Returns (Section 4.3)
- **Acknowledgement Files (Section 5)**

- Generating Acknowledgement Files (Section 5.1)
- Retrieving the Acknowledgement File from EMS (Section 5.2)
- Retrieving the Acknowledgement through the Internet (Section 5.3)
- Restoring an Acknowledgement (Section 5.4)
- Restoring an Acknowledgement (Section 5.4)

## Communication Testing

Communication Testing is a requirement for a Large Taxpayer planning to transmit electronic returns directly to the IRS. Most software packages (IRS accepted e-file software) have communication tests built in so that completing this requirement is relatively easy. Follow the directions in the software or documentation package. If you have problems, you should contact the software developer who sold you the software or contact the technical support operation that comes with the software package.

The test status of each form transmitted to the IRS can be viewed by accessing the firm's IRS *e-file* Application and clicking on the "FORMS" link. The form/format previously selected on your IRS *e-file* Application will be displayed in a table along with the status. The status is updated from "test" to "production" when required communication testing is completed.

For more information regarding Communication Testing, refer to Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters.*

# Part V
# Other Support For Large Taxpayers

The IRS issues various publications that contain the requirements for participating in IRS *e-file*. Large Taxpayers should read the applicable sections of the publications depending on your business needs.

## Modernized e-File Publications

The following Modernized e-File publications can be found on the IRS web site at http://www.irs.gov/charities/article/0,,id=105955,00.html

- **Publication 4205, *Modernized e-File Test Package for Exempt Organization Filings* (Tax Year 2005)** (draft available)

- **Publication 4206, *Modernized e-File Information for Authorized e-file Providers for Exempt Organization Filings*, (Tax Year 2005)** (currently being updated)

- **Publication 4164**, ***Modernized e-File Guide for Software Developers and Transmitters*** **(Tax Year 2005)** (currently being updated)

## Other Resources for Obtaining Information

**IRS web site –** IRS *e-file* is supported through use of the IRS web site, www.irs.gov in many ways. Important information, including updates and Frequently Asked Questions (FAQs) are posted regularly.

**Quick Alerts –** Quick Alerts provide up to the minute e-file information. It is the IRS' latest "push" technology messaging system. Users choose the method in which they wish to receive messages, either by phone, fax, or e-mail. The messages advise of problems that may interrupt processing or acknowledgement of electronically filed returns, tax law or publication changes affecting e-file, and IRS *e-file* conferences.

**Frequently Asked Questions (FAQ) -** IRS developed a series of frequently asked questions and answers concerning mandates. This document may be viewed at www.irs.gov

# Exhibit 1 – Registration Procedures

## How to Complete the Registration Page

Registration Services Menu > Registration

Registration

Please enter the following information to register for using e-services.
For help, select the ***Help*** link and information will be provided in a "help" window.

**IMPORTANT:** Please print a copy for your records ***before*** you submit your entries for processing.

***First Name (Required):**
Middle Initial:
***Last Name (Required):**
Name Suffix: VI

***Tax Identification Number (Required):**
***Date of Birth (Required):** *(MM/DD/YYYY)*
Phone: *(3 digit area code followed by 7 digit number, i.e. 8005551111)*
Phone Country Code: 001 *( Enter 001 for US )*
Email Address:

1. Type your First Name.
2. Type your Last Name.
3. Select your Name Suffix from the drop-down list.
4. Type your Tax Identification Number (TIN) or SSN.
5. Type your Date of Birth.

Please provide your **Adjusted Gross Income (AGI)** from your most recent individual income tax return, Form 1040, 1040A, etc. Your AGI amount must agree with what was submitted on your original return prior to any amendment you may have made or any IRS adjustments. We suggest using your AGI from the prior year if your most recent return was filed within the last 4 to 6 weeks. If you filed last year's tax return after November 1, please use your AGI of the prior year tax return.

Choose one of the available tax years and enter your AGI.

***Tax Year Ending Dec 31 (Required):**
***AGI (Required):** *Whole dollars only*

6. Select the Tax Year that matches with the year you filed your most recent tax return.
7. Type your Adjusted Gross Income from your tax return for the year selected above.

Please select your preferred Username, Password and Personal Identification Number (PIN).
(You must type password and PIN twice)

Rules governing the creation of the Username, Password, and PIN have been created to further enhance the security of e-services. The most commonly encountered rules are identified below. ***Select this link to see the full set of password and PIN rules***.

***Username (Required):** *Username must be at least 8 characters long, may contain letters and numbers only, case insensitive (read as upper-case only).*

***Password (Required):**
***Re-Enter Password (Required):** *Password must be at least 8 characters long, must contain both letters and numbers, case sensitive, cannot be the same as the username.*

***PIN (Required):** *PIN must be 5 digits only, cannot be all the same digits.*

***Re-Enter PIN (Required):**

**Please select one question to be answered by you if you forget your username and you attempt to re-register with IRS. The question and answer should be unlikely to be known by other individuals. For example, do not select your street where you currently live or the car you own today.**

***Question to Recover Username (Required):** What is your mother's date of birth?

***Answer (Required):**

8. Create a Username.
   - The username must be at least 8 and no more than 10 characters long
   - The username can contain letters and numbers only (no symbols)
   - The username is NOT case-sensitive
9. Create a Password.
   - The password must be at least 8 characters long and must contain both letters and numbers
   - The password is case-sensitive
   - The password cannot contain strings of the same three characters (e.g. “333”)
   - The password cannot contain part of the user’s SSN, Last Name, or First Name
   - The password cannot be the same as your Username
10. Create a Personal Identification Number (PIN).
    - The PIN must be 5 digits long
    - The PIN cannot be composed of only one number (e.g. “22222”)
11. Select a Question to Recover Username.
12. Type an Answer to the Questions to Recover Username**.**

The last address you provided the IRS on your individual tax return, Form 1040, 1040A, etc. or Change of Address, Form 8822, will be used to send you a registration confirmation number. You must provide us with your new **home** address if it has since changed. Upon confirmation of your registration, we will update your taxpayer home address under your SSN only. If you last filed as a secondary taxpayer on a joint return, we will not update the address information under the primary SSN on the account.

**Has your taxpayer address changed as explained above? Yes** ○ **No** ◉
If yes, you must enter your new address in the fields below. If no, proceed to terms and conditions.

**Warning!** Completing these fields will change your address of record with the IRS.

**Address Line:**
**City:**
**State (USA Only):**
**Zip Code:**
**Country:**

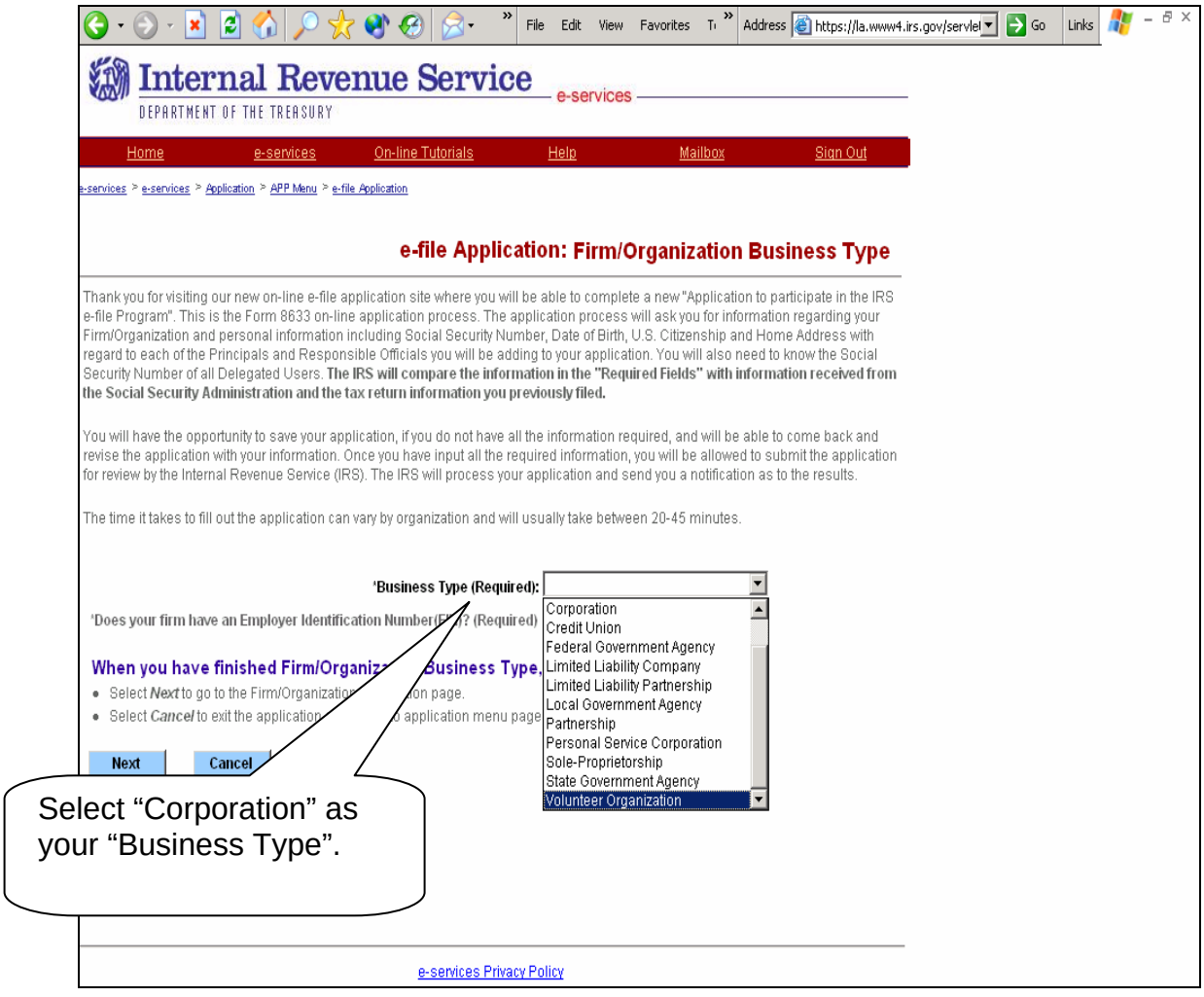
13. Select "Yes" if your home address has changed since confirmation of your registration, or enter your new address in the address fields.
14. Once all information has been entered correctly, please read the Terms of Condition and then click the Accept button.
15. The information is processed and a confirmation code is generated. The confirmation code will be mailed to you.

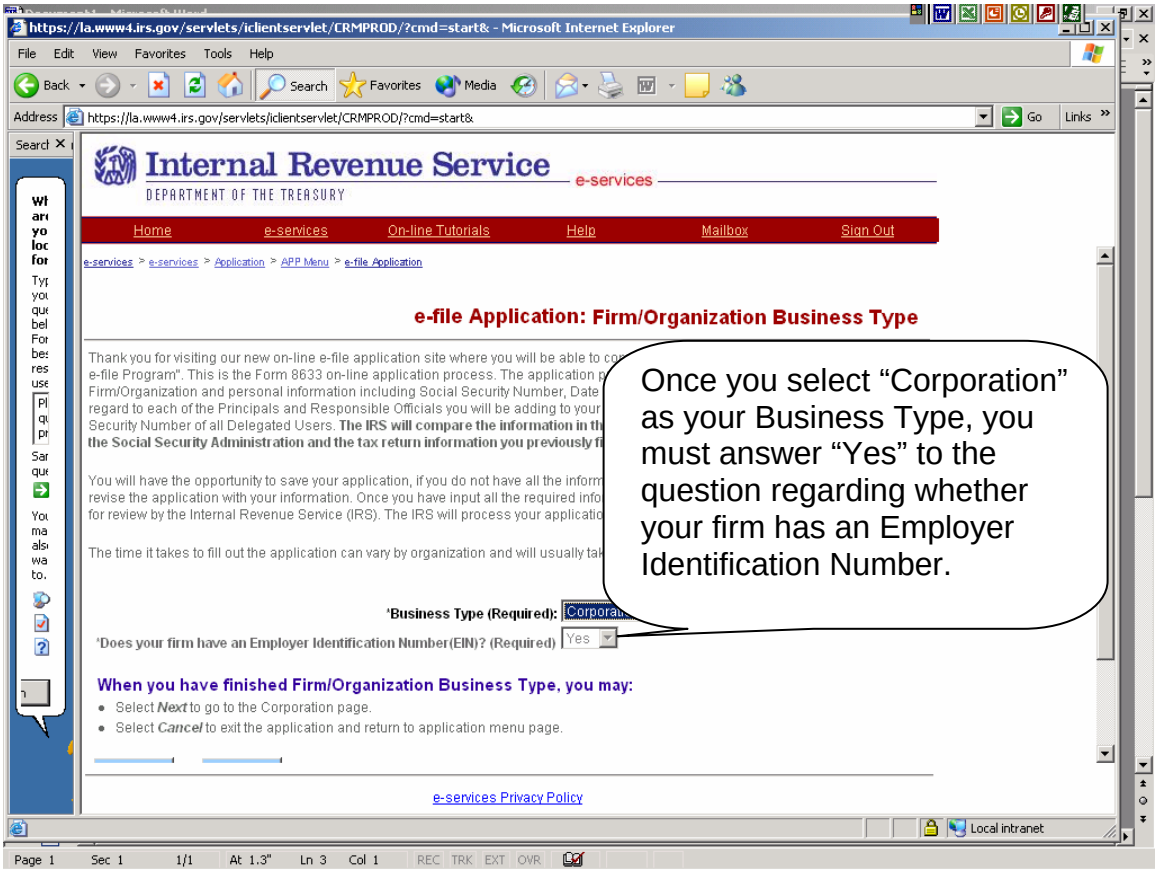
**Warning: After three unsuccessful attempts to Register, the user will be locked out of the system. If this happens, you should call 1-866-255-0654 and follow the prompt for e-Services.**

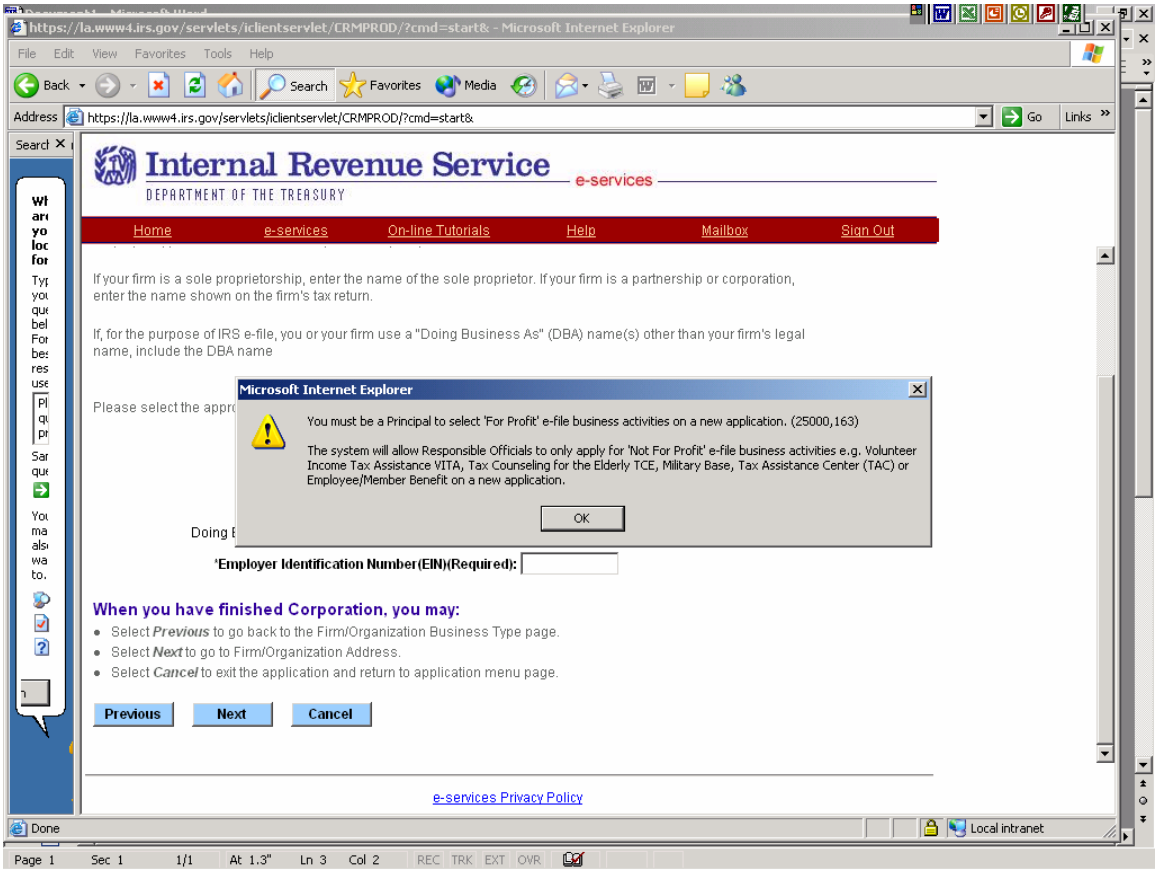
# Exhibit 2– Electronic IRS e-file Application Procedures

The following is a walk through part of the IRS *e-file* Application for a Large Taxpayer showing some specific instructions for several of the screens. The information requested on the other screens on the IRS *e-file* Application is self-explanatory. You should read the information on each of those screens and complete the information requested with your firm information. Be sure to pay close attention to those fields that state they are required.

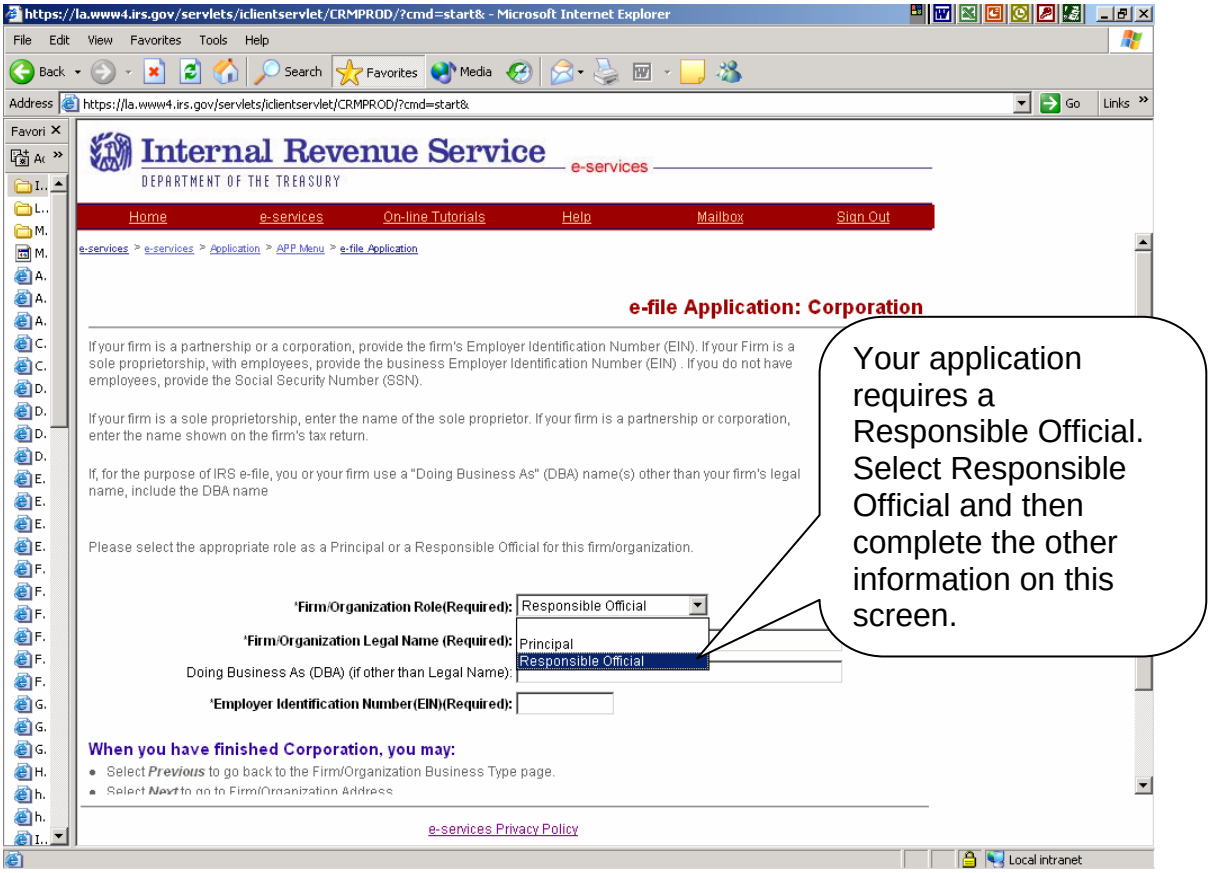
If you have any questions or need any assistance while you are completing the IRS *e-file* Application, you can call the e-Help Desk at 1-866-255-0654.

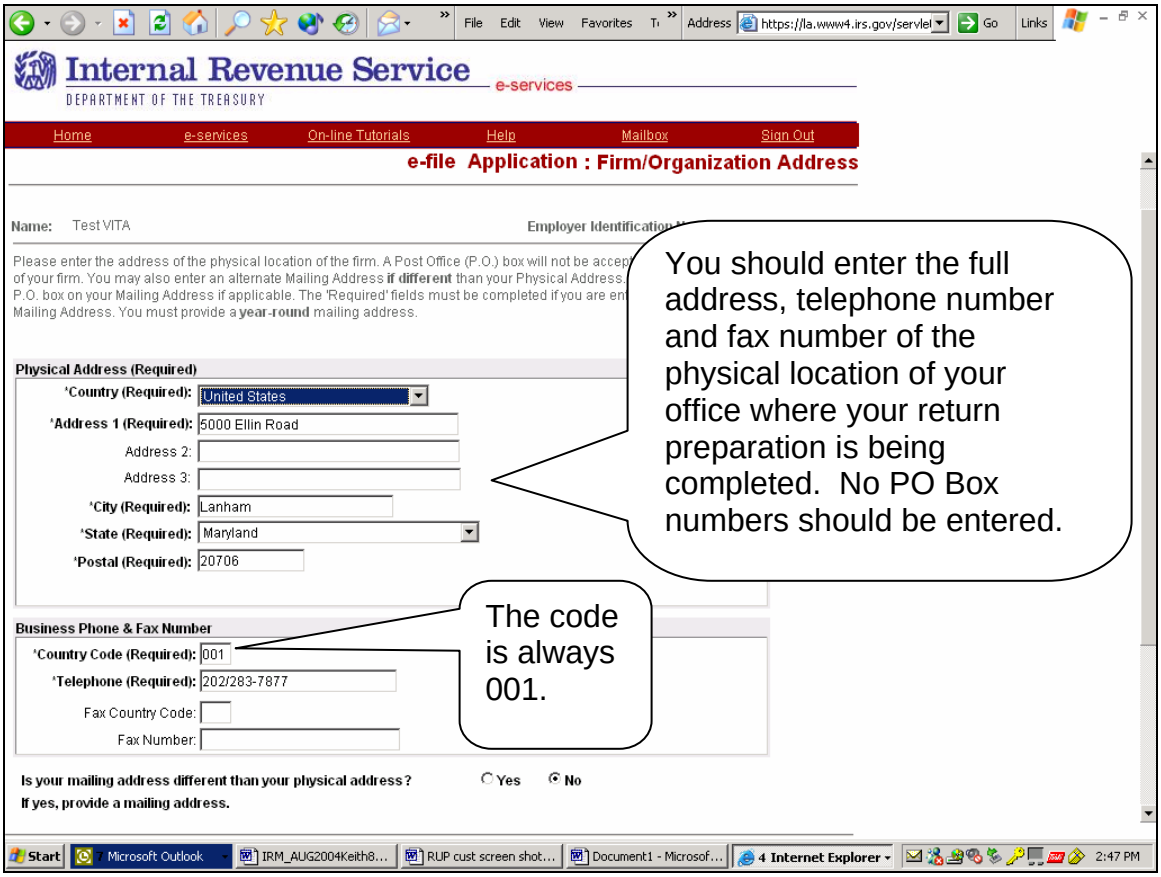



https://la.www4.irs.gov/servlets/iclientservlet/CRMPROD/?cmd=start& - Microsoft Internet Explorer
Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application: Firm/Organization Business Type
'Business Type (Required):
'Does your firm have an Employer Identification Number(EIN)? (Required)
Yes
When you have finished Firm/Organization Business Type, you may:
Select Next to go to the Corporation page.
Select Cancel to exit the application and return to application menu page.
e-services Privacy Policy
Once you select “Corporation” as your Business Type, you must answer “Yes” to the question regarding whether your firm has an Employer Identification Number.

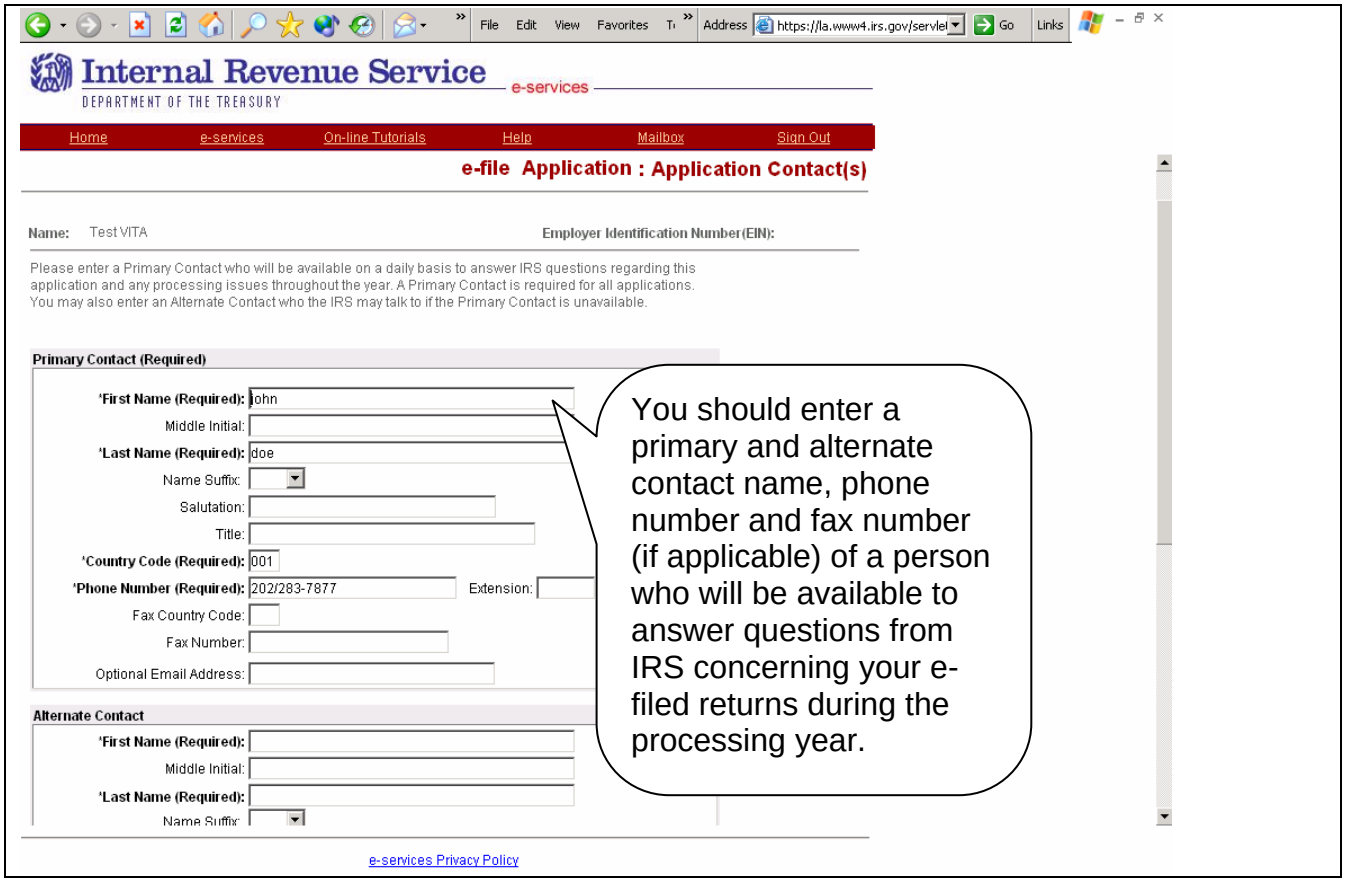



Responsible Officials are allowed to apply for “Not For Profit” business activities so you only need to select a Responsible Official.  Click OK and go to the next page and enter data.

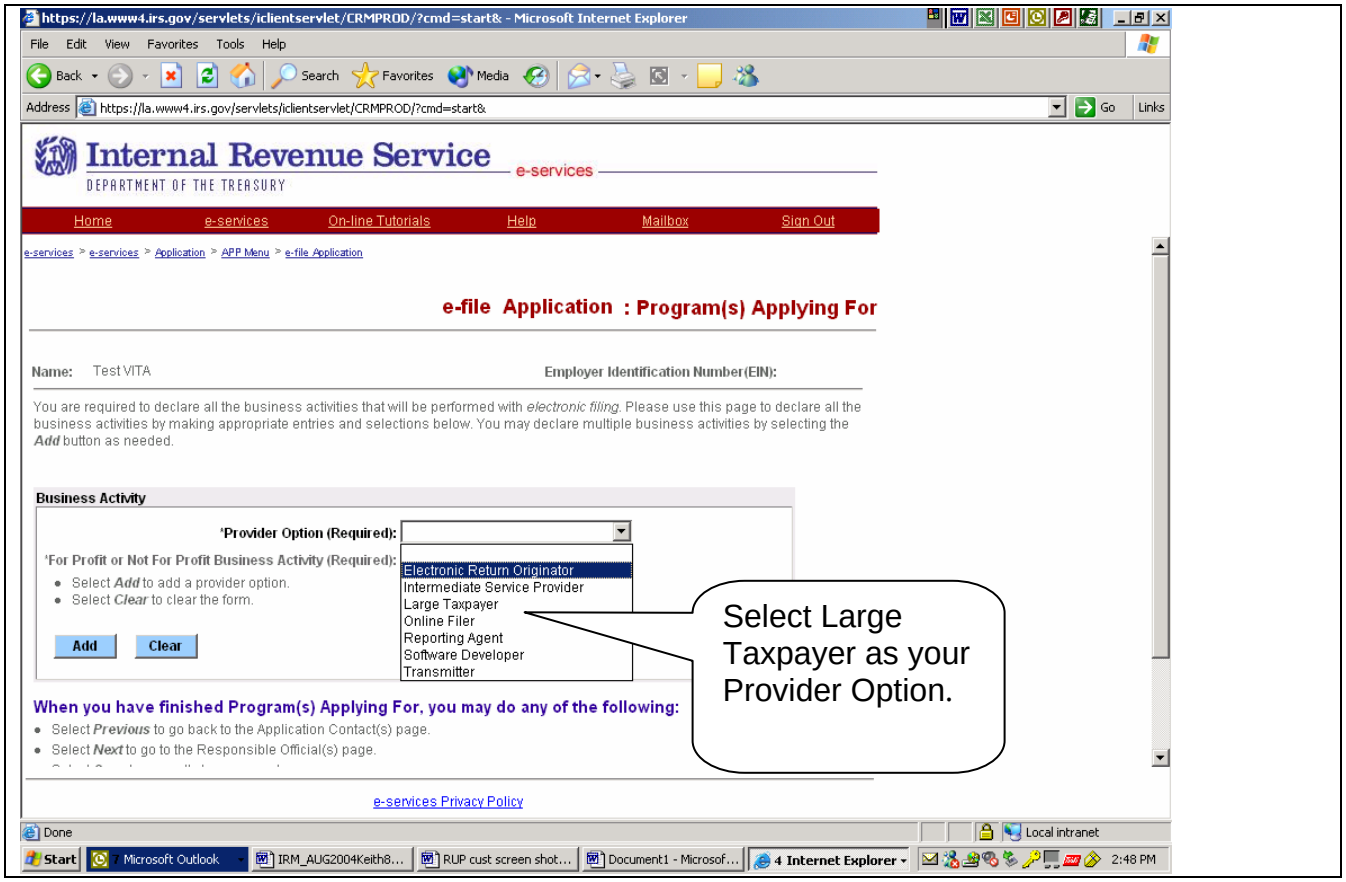

https://la.www4.irs.gov/servlets/iclientservlet/CRMPROD/?cmd=start& - Microsoft Internet Explorer
Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application: Corporation
If your firm is a partnership or a corporation, provide the firm's Employer Identification Number (EIN). If your Firm is a sole proprietorship, with employees, provide the business Employer Identification Number (EIN) . If you do not have employees, provide the Social Security Number (SSN).
If your firm is a sole proprietorship, enter the name of the sole proprietor. If your firm is a partnership or corporation, enter the name shown on the firm's tax return.
If, for the purpose of IRS e-file, you or your firm use a "Doing Business As" (DBA) name(s) other than your firm's legal name, include the DBA name
Please select the appropriate role as a Principal or a Responsible Official for this firm/organization.
*Firm/Organization Role(Required):
Responsible Official
Principal
Responsible Official
*Firm/Organization Legal Name (Required):
Doing Business As (DBA) (if other than Legal Name):
*Employer Identification Number(EIN)(Required):
When you have finished Corporation, you may:
Select Previous to go back to the Firm/Organization Business Type page.
e-services Privacy Policy
Your application requires a Responsible Official. Select Responsible Official and then complete the other information on this screen.

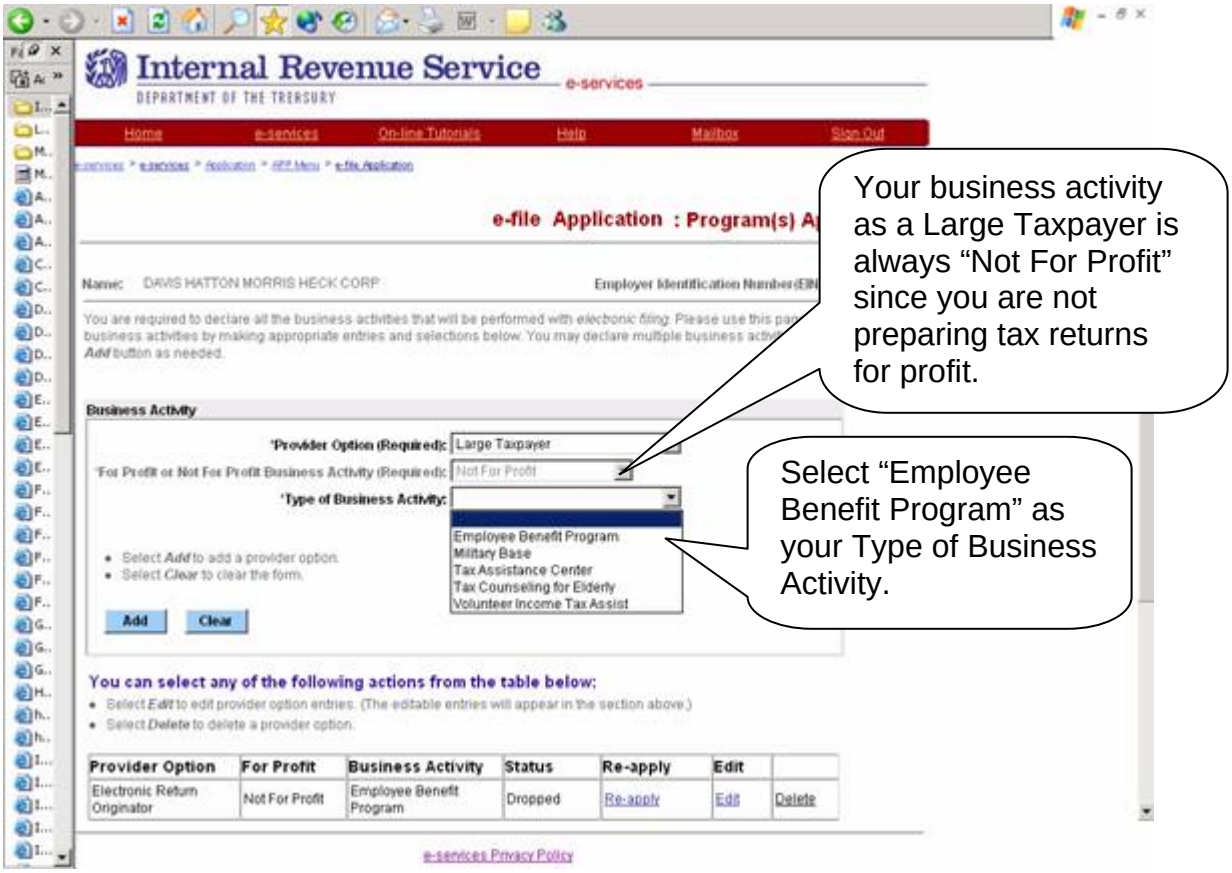


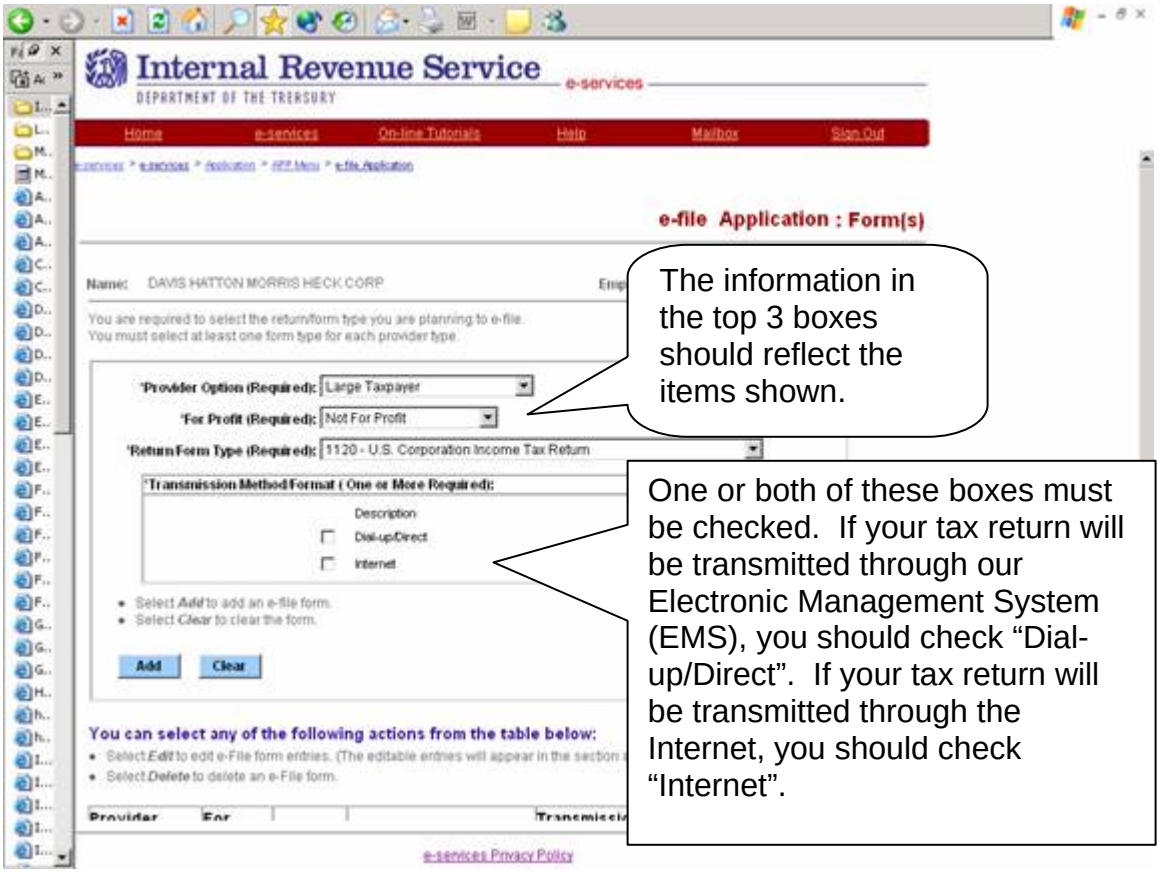

A mailing address may also be entered if your mailing address is different than the physical address you listed above. A PO Box can be used in the mailing address.

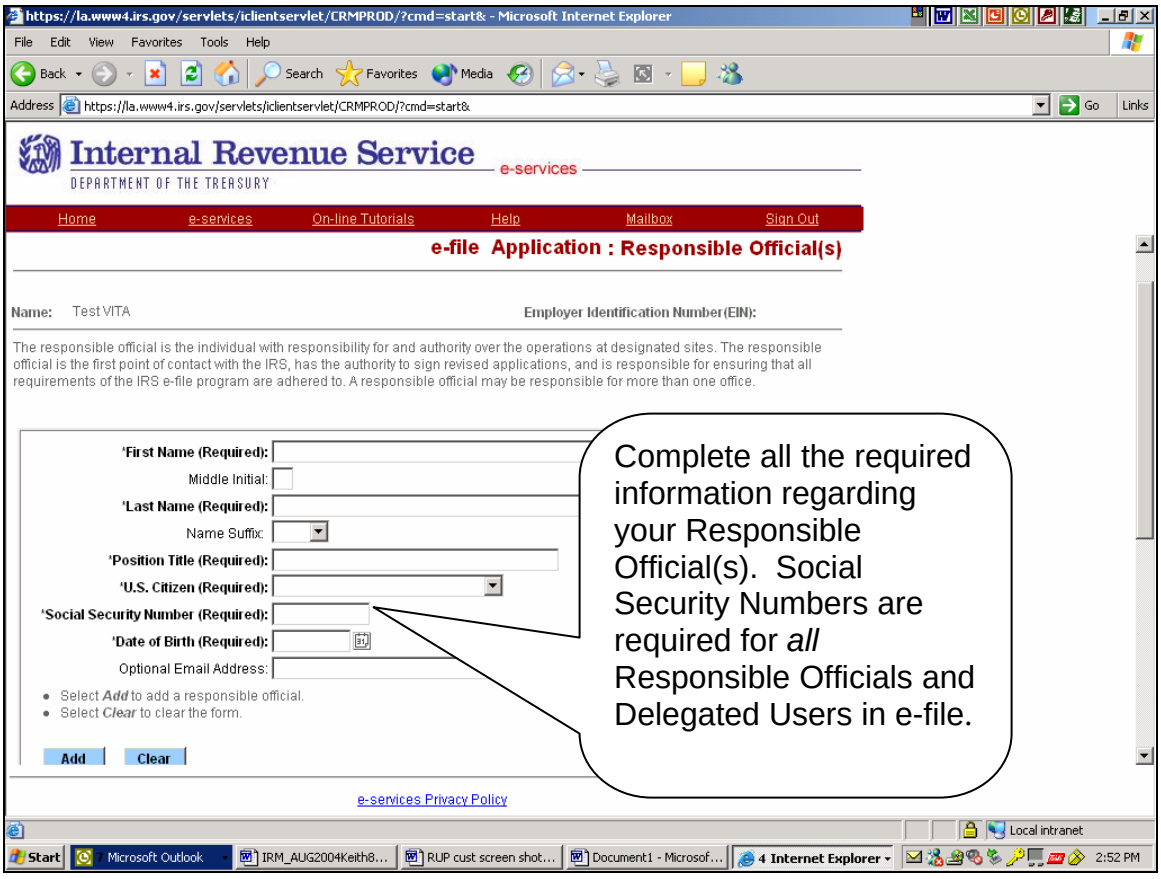



Any letters that are sent to your corporation in regard to your IRS *e-file* Application will be addressed to the person whom you list as the Primary Contact.


https://la.www4.irs.gov/servlets/iclientservlet/CRMPROD/?cmd=start& - Microsoft Internet Explorer
Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application : Program(s) Applying For
Name: Test VITA
Employer Identification Number(EIN):
You are required to declare all the business activities that will be performed with electronic filing. Please use this page to declare all the business activities by making appropriate entries and selections below. You may declare multiple business activities by selecting the Add button as needed.
Business Activity
*Provider Option (Required):
*For Profit or Not For Profit Business Activity (Required):
Select Add to add a provider option.
Select Clear to clear the form.
Add
Clear
Electronic Return Originator
Intermediate Service Provider
Large Taxpayer
Online Filer
Reporting Agent
Software Developer
Transmitter
Select Large Taxpayer as your Provider Option.
When you have finished Program(s) Applying For, you may do any of the following:
Select Previous to go back to the Application Contact(s) page.
Select Next to go to the Responsible Official(s) page.
e-services Privacy Policy

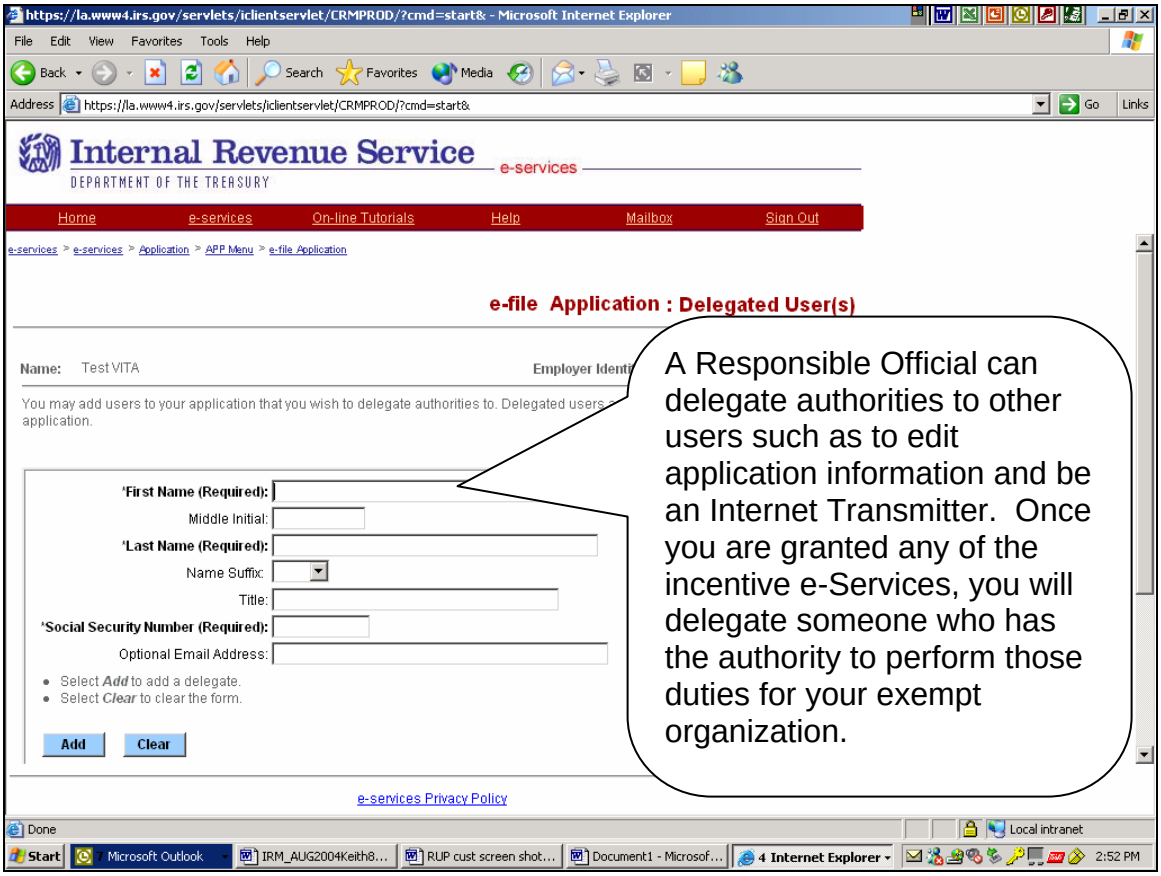

Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application : Program(s) A
Name: DAVIS HATTON MORRIS HECK CORP
Employer Identification Number(EIN
You are required to declare all the business activities that will be performed with electronic filing. Please use this pan
business activities by making appropriate entries and selections below. You may declare multiple business activ
Add button as needed.
Business Activity
*Provider Option (Required): Large Taxpayer
*For Profit or Not For Profit Business Activity (Required): Not For Profit
*Type of Business Activity:
Employee Benefit Program
Military Base
Tax Assistance Center
Tax Counseling for Elderly
Volunteer Income Tax Assist
Select Add to add a provider option.
Select Clear to clear the form.
Add
Clear
You can select any of the following actions from the table below:
Select Edit to edit provider option entries. (The editable entries will appear in the section above.)
Select Delete to delete a provider option.
Provider Option
For Profit
Business Activity
Status
Re-apply
Edit
Electronic Return Originator
Not For Profit
Employee Benefit Program
Dropped
Re-apply
Edit
Delete
e-services Privacy Policy
Your business activity as a Large Taxpayer is always “Not For Profit” since you are not preparing tax returns for profit.
Select “Employee Benefit Program” as your Type of Business Activity.

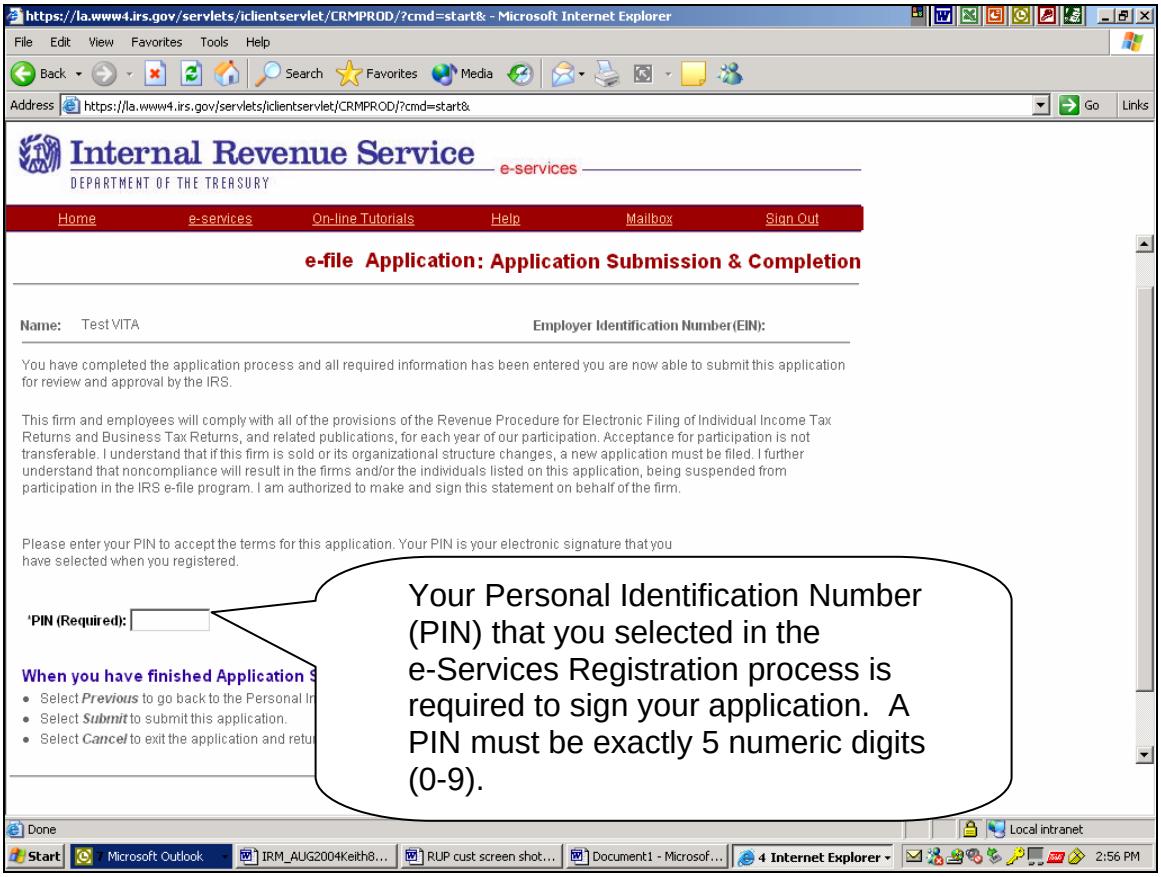

Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application : Form(s)
Name: DAVIS HATTON MORRIS HECK CORP
You are required to select the return/form type you are planning to e-file.
You must select at least one form type for each provider type.
*Provider Option (Required): Large Taxpayer
*For Profit (Required): Not For Profit
*Return/Form Type (Required): 1120 - U.S. Corporation Income Tax Return
*Transmission Method/Format ( One or More Required):
Description
Dial-up/Direct
Internet
Select Add to add an e-file form.
Select Clear to clear the form.
Add
Clear
You can select any of the following actions from the table below:
Select Edit to edit e-File form entries. (The editable entries will appear in the section
Select Delete to delete an e-File form.
e-services Privacy Policy
The information in the top 3 boxes should reflect the items shown.
One or both of these boxes must be checked. If your tax return will be transmitted through our Electronic Management System (EMS), you should check “Dial-up/Direct”. If your tax return will be transmitted through the Internet, you should check “Internet”.


https://la.www4.irs.gov/servlets/iclientservlet/CRMPROD/?cmd=start& - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search Favorites Media
Address https://la.www4.irs.gov/servlets/iclientservlet/CRMPROD/?cmd=start&
Go Links
Internal Revenue Service
DEPARTMENT OF THE TREASURY
e-services
Home
e-services
On-line Tutorials
Help
Mailbox
Sign Out
e-file Application : Responsible Official(s)
Name: Test VITA
Employer Identification Number (EIN):
The responsible official is the individual with responsibility for and authority over the operations at designated sites. The responsible official is the first point of contact with the IRS, has the authority to sign revised applications, and is responsible for ensuring that all requirements of the IRS e-file program are adhered to. A responsible official may be responsible for more than one office.
*First Name (Required):
Middle Initial:
*Last Name (Required):
Name Suffix:
*Position Title (Required):
*U.S. Citizen (Required):
*Social Security Number (Required):
*Date of Birth (Required):
Optional Email Address:
Select Add to add a responsible official.
Select Clear to clear the form.
Add
Clear
e-services Privacy Policy
Local intranet
Start
Microsoft Outlook
IRM_AUG2004Keith8...
RUP cust screen shot...
Document1 - Microsof...
4 Internet Explorer
2:52 PM
Complete all the required information regarding your Responsible Official(s). Social Security Numbers are required for all Responsible Officials and Delegated Users in e-file.

Note: A Responsible Official is defined as:

- An individual with responsibility for and authority over your e-file operation.
- An individual who is the first point of contact with the IRS and has the authority to sign revised IRS e-file Applications,
- An individual who is responsible for ensuring that your corporation adheres to the provisions of all publications and notices governing IRS *e-file*. (If one individual cannot fulfill these responsibilities, additional Responsible Officials may be identified.)
- To be a Responsible Official, an individual must be a U.S. citizen or legal resident alien (lawful permanent resident), and have attained the age of 21 as of the date of the application.






After you sign and submit your application, you will get a screen that states that the submission of your application is complete. It will give you information about the processing of your application and will give you a Tracking Number at the bottom of the page. Be sure to print that page or at least write down the Tracking Number so you will have it if you need to follow up on the status of your application with the e-Help Desk.