

## Social Security Administration

## Internal Revenue Service

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Department of the Treasury  
Internal Revenue Service

www.irs.gov

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# Reporter

Summer 2004

A Newsletter  
for Employers

## IRS Warns Businesses, Individuals to Watch for Questionable Employment Tax Practices

The Internal Revenue Service issued a consumer alert for eight schemes where federal employment taxes are not properly withheld or paid by employers from their employees' paychecks. The IRS alert to business owners and other taxpayers follows a string of recent convictions and court rulings involving employment tax schemes.

"Failure to pay employment taxes is stealing from the employees of the business," said IRS Commissioner Mark W. Everson. "The IRS pursues business owners who don't follow the law, and those who embrace these schemes face civil or criminal sanctions."

Employment taxes consist of federal income tax withholding along with Social Security and Medicare taxes and unemployment taxes. Also, many states have withholding requirements for various employment related taxes, such as contributions to a worker's compensation fund. Improper reporting or payment of employment taxes affects the ease with which employees can claim future benefits from these programs.

During the past three years, one hundred seventeen individuals have been sentenced to confinement in a federal prison, a halfway house or home detention for criminal violations related to employment taxes. Approximately seventy-seven percent of the persons sentenced for evading employment taxes served an average of seventeen months confinement and were ordered to make restitution to the government for the taxes evaded, plus interest and penalties.

Recent examples of employment tax prosecutions can be found at *IRS.gov* by typing "employment fraud" in the search box and clicking on "Significant Employment Tax Case Summaries."

**1. Pyramiding.** "Pyramiding" of employment taxes is a fraudulent practice where a business withholds taxes from its employees but intentionally fails to remit them to the IRS.

### Online Services Can Help Even after the Filing Season Ends

Even though the filing season is over, you can still get valuable help from Social Security's Business Services Online. For instance, you can:

- Check the status of your submission(s),
- View and acknowledge a notice asking you to resubmit your data, and
- Browse information about errors found in your submission.

#### Who Can Use The Service?

This service is available to all submitters whose W-2 Report is formatted according to Social Security's Magnetic Media and Electronic Filing (MMREF) specifications. If you filed using magnetic media or electronic data transmission, please allow one to six weeks for your submission information to be available. Submission information is not available for paper submissions.

#### What You Need

All you need is a PIN and password. If you don't have a PIN and password, you can register for one at <http://www.socialsecurity.gov/bsa/bsowelcome.htm>. More than one person in a company can have a PIN and password. If you use a

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# What Corporate Form Do I File?

## Most Common Corporate Returns

**"C" Corporations** All domestic corporations (including corporations in bankruptcy) must file income tax returns whether or not they have taxable income, unless the corporation is exempt under section 501. Section 501 exempts nonprofit groups organized for charitable or mutual benefit purposes from income tax. Domestic corporations must file Form 1120, *U.S. Corporation Income Tax Return* or, if they qualify, Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, unless they are required to file a special return (see Special Returns for Certain Organizations below).

**"S" Corporation** Generally, an S corporation does not pay income tax; rather its income, deductions and credits are passed through to its shareholders. A corporation must file Form 1120S, *U.S. Income Tax Return* for an S Corporation if (a) it elected to be an S corporation by filing Form 2553, (b) the IRS accepted the election, and (c) the election remains in effect. Do not file Form 1120S, Election by a Small Business Corporation for any tax year before the year the election takes effect.

**Limited Liability Companies** Unless a multiple member LLC elects otherwise, if an entity was formed as a limited liability company (LLC) under state law, it is treated as a partnership for Federal income tax purposes and files Form 1065, *U.S. Return of Partnership Income*. The multiple member LLC can file a Form 1120 or 1120-A only if it has filed Form 8832, *Entity Classification Election*, to elect to be treated as an association taxable as a corporation.

Unless a single member LLC elects otherwise, if the member is an individual, the LLC income and expenses are reported on Form 1040, Schedule C, Schedule E, or Schedule F. If the only member of the LLC is a corporation, the LLC income and expenses are reported on the corporation's return, usually 1120, *U.S. Corporation Income Tax Return* or 1120S, *U.S. Income Tax Return for an S Corporation*. The

single member LLC would file using a Form 1120 or 1120S (where a proper S election has been made by the LLC) only if it has filed Form 8832, *Entity Classification Election*, to elect to be treated as an association taxable as a corporation.

Pub. 3402, *Tax Issues for Limited Liability Companies* has more information about LLCs.

## Other Corporate Returns

**Farming (other than section 1381 cooperatives)** Any corporation that engages in farming should use Form 1120 or, if they qualify, Form 1120-A to report the income (loss) from such activities. Enter the deductions of the corporation in accordance with the Instructions for Forms 1120 and 1120A for lines 1 through 10 and 12 through 29.

**Foreign Corporation** Unless one of the exceptions under Exceptions from Filing applies or a special return is required a foreign corporation must file Form 1120-F if, during the tax year, the corporation meets certain criteria (see Instructions for Form 1120F for more information).

**Foreign Sales Corporation** File Form 1120-FSC if the corporation elected to be treated as a FSC and the election is still in effect. See Instructions for Form 1120-FSC for additional information.

**Homeowners Associations** A homeowners association may elect to take advantage of the certain tax benefits provided by section 528 of the Internal Revenue Code. See Form 1120-H for further information on the tax benefits available under the election and for the requirements of the election.

**Life Insurance Company** Every domestic life insurance company and every foreign corporation that would qualify as a life insurance company if it were a U.S. corporation must file Form 1120-L. This includes organizations described in section 501(m) (1) that provide commercial-type life insurance. See Instructions for Form 1120-L for additional information.

**Political Organizations** A political organization, whether or not it is tax-exempt, must file Form 1120-POL if it has any political organization taxable income. An exempt organization that is not a political organization must file Form 1120-POL if it is treated as having political organization taxable income under section 527(f)(1). See the instructions attached to Form 1120-POL for more information.

**Property and Casualty Insurance Company Income Tax Return** Every domestic non-life insurance company and every foreign company that would qualify as a non-life insurance company subject to taxation under section 831 must file Form 1120-PC. This includes organizations described in section 501(m)(1) that provide commercial-type insurance and organizations described in section 833. See Instructions for Form 1120-PC for specific exemptions.

**Real Estate Investment Trusts (REIT)** A corporation, trust, or association that meets certain conditions must file Form 1120-REIT if it elects to be treated as REIT for the tax year (or has made that election for a prior tax year and the election has not been terminated or revoked). The election is made by figuring taxable income as a REIT on Form 1120-REIT. More information is available in the Instructions for Form 1120-REIT.

**Regulated Investment Companies (RIC)** A domestic corporation that elects to be treated as a RIC for the tax year (or has made an election for a prior tax year) and meets certain requirements must file Form 1120-RIC. Information on the election, filing requirement, and computation of taxable income is on Form 1120-RIC and Instructions for Form 1120-RIC.

**Settlement Funds (Under Section 468B)** All section 468B designated and qualified settlement funds must file an annual tax return. See Form 1120-SF and the Instructions for more information.

*continued on page 3*

## Forms, continued from page 2

**Short-Form** Form 1120-A, *U.S. Corporation Short-Form Income Tax Return* may be filed by a corporation if it met all of the requirements identified as qualifying to do so. These criteria can be found in the Instructions for Form 1120/1120-A.


**Special Returns for Certain Organizations**

Instead of filing Form 1120 or Form 1120-A, certain organizations have to file special returns:

If the organization is a:	File Form	Instructions
Entity that elects to be treated as a real estate mortgage Conduit REMIC under section 860D	1066	1066 Inst
Exempt organization with unrelated trade or business income	990-T	990-T Inst
Farmers Cooperative (Section 1381)	990-C	990-C Inst
Fund set up for Nuclear Decommissioning costs	1120-ND	1120-ND Inst
Religious or apostolic organization exempt under section 501(d)	1065	1065 Inst

**Amended Returns** Use Form 1120X, Amended U.S. Corporation Income Tax Return to:

- Correct a previously filed Form 1120 or 1120-A or
- Make certain elections after the prescribed deadline (see Regulations section 301.9100-1 through 3)
- Correct the return as originally filed, or as later adjusted by an amended return, a claim for refund, or an examination.

Forms and instructions can be obtained online at [www.irs.gov](http://www.irs.gov) or call 800-829-3676. For assistance to determine which forms you are required to file, call the Business Specialty Tax Line at 800-829-4933. 

**Change of Address? Out of Business?**

Notify the IRS. Send a letter to the IRS center you sent your business returns. Please include your employer Identification Number (EIN).

Cincinnati IRS Center, Cincinnati, OH 45999

Ogden IRS Center, Ogden, UT 84201

Outside U.S.: Philadelphia IRS Center, Philadelphia, PA 19255.

**IRS Offers Penalty Refund for Using EFTPS**

The Internal Revenue Service (IRS) has announced nationwide

implementation of the EFTPS-FTD (Electronic Federal Tax Payment System-Federal Tax Deposit) Penalty Refund Program. This offer allows paper coupon users who were assessed a Form 941 (Employer's Quarterly Federal Tax Return) deposit penalty beginning in 2003 the opportunity to receive a one-time penalty refund.


To qualify, the employer must:

- Pay the penalty in full
- Enroll in and use EFTPS for one year (four consecutive quarters)
- Make all Form 941 payments on time through EFTPS

Beginning in 2005, the IRS will automatically determine which employers have achieved the four quarters of EFTPS compliance and reverse the most

recent full-paid FTD penalty minus any outstanding taxes. No other action by the employer is necessary.

The IRS will look back up to four quarters prior to the four-quarter compliance period for a full paid FTD penalty to abate. For example, if an employer enrolls in and uses EFTPS for all four quarters in 2004, the IRS will look back as far as the quarter beginning January 1, 2003, for a full paid FTD penalty. Penalties paid earlier than one year prior to the four-quarter compliance period are not eligible for the automatic offer.

If you have any questions about the Penalty Refund Program and EFTPS, please call EFTPS Customer Service at 800-555-4477. You may also visit <http://www.irs.gov> or <http://www.eftps.gov>. Online enrollment is available at <http://www.eftps.gov>, or complete Form 9779, *EFTPS Business Enrollment Form*, which is available by calling EFTPS Customer Service. 

**HELP Telephone Numbers and Web Addresses to Use When You Have Questions:****Internal Revenue Service**

**Business and Specialty Tax Line**  
800-829-4933

**Electronic Federal Tax Payment System (EFTPS) Hotline**  
800-555-4477 or 800-945-8400

**Employee Plans Taxpayer Assistance Telephone Service**  
877-829-5500 (toll free)

**Employer Identification Number (EIN) Request Number**  
800-829-4933  
Monday - Friday, 7:00 a.m. to 10 p.m., local time or <http://www.irs.gov>, key word (upper right) "EIN."

**Form 941 and Form 940 Filing On-Line Filing Program / Austin Submission Center**

New Toll Free Number for e-Help 866-255-0654  
Supports IRS e-file, TeleFile and future e-services customers.  
Go to <http://www.irs.gov/efile/article/0,,id=118520.00.html> for specifics.

**Forms (IRS)**  
Forms may be ordered at 800-829-3676.

**General IRS Tax Law Questions and Account Information**  
800-829-1040

**Information Reporting Program Customer Service Section**  
866-455-7438 (toll free)  
304-263-8700 (non-toll free)  
Monday - Friday, 8:30 a.m. to 4:30 p.m., ET.

Telecommunications Devices for the Deaf (TDD) may be reached non-toll free at 304-267-3367.

Taxpayers can contact this unit via e-mail at [mccirp@irs.gov](mailto:mccirp@irs.gov).

**Information Reporting Program Web Page**  
<http://www.irs.gov/smallbiz>

**IRS Tax Fax**  
703-368-9694 (non-toll free)  
This service offers faxed topical tax information.

**Keywords on IRS.gov**  
IRS.gov is now using keywords as another way to help make your visit less taxing! Look for the IRS keywords in its public service, outreach, and other materials for taxpayers and tax professionals. For a current list and more information about IRS keywords, check out <http://www.irs.gov/help/article/0,,id=108258,00.html>.

**National Taxpayer Advocate's Help Line**  
877-777-4778 (toll free)

**Social Security Tax Questions**  
Social Security Tax questions should be referred to the IRS at 800-829-1040.

**Taxpayer Advocacy Panel**  
888-912-1227 (toll-free)

**Telephone Device for the Deaf (TDD)**  
800-829-4059

**Tele-Tax System**  
800-829-4477

**Social Security Administration**

**Copy A / Form W-2 Reporting**  
Questions about wage reporting (submitting Copy A of Form W-2 to SSA) should be referred to the SSA's Employer Reporting Service at 800-772-6270 or e-mailed to [employerinfo@ssa.gov](mailto:employerinfo@ssa.gov).

**General SSA Benefit Questions**  
General Social Security benefit questions should be referred to SSA's Tele Service Center at 800-772-1213.

Questionable Employment Tax Practices continued from page 1

**2. Unreliable Third Party Payers.** There are two primary categories of third party payers – Payroll Service Providers and Professional Employer Organizations. Payroll Service Providers typically perform services for employers such as filing employment tax returns and making employment tax payments. Professional Employer Organizations offer employee leasing meaning that they handle administrative, personnel, and payroll accounting functions for employees who have been leased to other companies that use their services.

**3. Frivolous Arguments.** Unscrupulous individuals and promoters have used a variety of false or misleading arguments for not paying employment taxes. These schemes are based on an incorrect interpretation of "Section 861" and other parts of the tax law and have been refuted in court.

**4. Offshore Employee Leasing.** This scheme, which was designated as a Listed Transaction by the Service in 2003, misuses the otherwise legal business practice of employee leasing. Under the typical promotion, an individual taxpayer supposedly resigns from his or her current employer or professional corporation and signs an employment contract with an offshore employee leasing company. Because it is a Listed Transaction, those who use the scheme are required to disclose their participation on current tax returns, and will be liable for the unpaid tax and subject to penalties and interest.


**5. Misclassifying worker status.** Sometimes employers incorrectly treat employees as independent contractors to avoid paying employment taxes. Generally if the payer has the right to control what work will be done and how it will be done, the worker is an employee.

**6. Paying Employees in Cash.** Paying employees in whole or partially in cash is a common method of evading income and employment taxes.

**7. Filing False Payroll Tax Returns or Failing to File Payroll Tax Returns.** Preparing false payroll tax returns intentionally understating the amount of wages on which taxes are owed or failing to file employment tax returns are methods commonly used to evade employment taxes.

**8. S Corporation Officers Compensation Treated as Corporate Distributions.** In an effort to avoid employment taxes, some S Corporations are improperly treating officer compensation as a corporate distribution instead of wages or salary. By law, officers are employees of the corporation for employment tax purposes and compensation they receive for their services is subject to employment taxes.

The IRS encourages employees to report any concerns that an employer is failing to properly withhold and pay federal income and employment taxes. Taxpayers can contact the IRS at 800-829-1040 or report suspected tax fraud by calling 800-829-0433.


Employers must report employment taxes withheld from their employees on Form 941, *Employer's Quarterly Federal Tax Return*. Employers are also responsible for filing Form 940, *Employer's Annual Federal Unemployment Tax Return*. Payment of employment taxes must be made to an authorized bank or financial institution according to federal tax deposit requirements. Employers may also pay these taxes electronically. Information on how to file or pay employment taxes electronically is found at <http://www.irs.gov/efile> and <http://www.eftps.gov>. 

Online Services Can Help After the Filing Season continued from page 1

third-party preparer, you can still access the services above by using your PIN, password, and the EIN used to file your wage report.

**How?**

From the Business Services Online website, <http://www.socialsecurity.gov/bsa/bsowelcome.htm>, you can access a variety of Wage Reporting Services such as:


- View Submission Status/Errors/Notice Information
- View Employer Report Status/Errors/Notice Information
- Acknowledge Resubmission Notice
- Request Resubmission Extension 

## Online W-2c, W-3c at APA Web Site

**T**here has been a great response to the convenient, online, fill-in-and-print Form W-2c (and Form W-3c) available from the American Payroll Association's Web site. Some people, however, have been having difficulty in finding it and have been calling APA and/or the Social Security Administration. Here is the exact Web address: <http://www.americanpayroll.org/news/formw2c.html>.

This electronic form is a boon to payroll professionals everywhere, as it makes the process of preparing corrections so much easier. Instead of ordering the form and preparing it in a typewriter, just fill out the form on your computer screen, easily correct any typing errors, print out all the copies you need, give it to your employee, and file it with the Social Security Administration and any other tax agencies.

The above Web page also provides tips on preparing Forms W-2c and W-3c, information on the thresholds for magnetic or electronic filing, and links to instructions for completing these forms.

APA's strong partnership with the IRS and SSA allows it to prepare its classes and publications with the most accurate and up-to-date information to educate employers. IRS and SSA experts speak at many APA conferences and one-day seminars, such as its Payroll Tax Forum and Preparing for Year-End and 2005. As a member of IRS' advisory committees, APA provides input toward improving the nation's wage and tax reporting process. More information about the APA is available at <http://www.americanpayroll.org>. 

## IRS Launches Express Enrollment in EFTPS


**T**he Internal Revenue Service has launched a new program for new business taxpayers designed to boost electronic payment of taxes. This development offers some taxpayers new, quicker access to an electronic payment system. This initiative will be available using the Electronic Federal Tax Payment System (EFTPS), a service offered free by two bureaus of the U.S. Department of the Treasury, IRS and the Financial Management Service (FMS). In fiscal year 2003, Treasury collected more than \$1.5 trillion in electronic tax payments through EFTPS, and the launch of this new initiative will help increase growth in those numbers in tax year 2004. EFTPS enables taxpayers and tax professionals to make federal tax payments electronically online, by phone, or with batch provider software for professionals.

EFTPS Express Enrollment for New Businesses will affect all businesses receiving a new Employer Identification Number (EIN). Business taxpayers with a federal tax obligation will be automatically pre-enrolled in EFTPS to make all their Federal Tax Deposits.

In addition to receiving their EIN, taxpayers will also receive a separate mailing containing an EFTPS Personal Identification Number (PIN) and instructions for activating their enrollment. New business taxpayers will activate their enrollment by calling an 800-number, entering their banking information and completing an authorization for EFTPS to transfer funds from their account to Treasury's account for tax payments per their instructions.

"There are approximately 250,000 new EINs issued every year. With EFTPS Express Enrollment, we are making it even easier for business taxpayers to make their business payments electronically," said IRS Commissioner Mark W. Everson.

"Paying taxes using EFTPS means 19 times greater accuracy," said Dick Gregg, FMS Commissioner. "Greater accuracy means fewer penalties. I encourage individuals and businesses to enroll today."

Taxpayers can enroll in EFTPS by visiting the EFTPS-Online Web site at <http://www.eftps.gov> or by calling EFTPS Customer Service at 800-555-4477 or 800-945-8400 to receive an enrollment form by mail. 

## Taxpayer Advocate Service Lends Support to Small Business Owners


**S**mall businesses with unresolved federal tax problems may be eligible for free assistance from the Taxpayer Advocate Service (TAS), an independent branch within the Internal Revenue Service that represents the interests of taxpayers.

Payroll taxes issues are among the most common tax problems faced by small businesses, and can be especially challenging because of the potential for stiff penalties. TAS recognizes the hardship that tax problems impose on a small business, and small business owners with unresolved payroll and other tax issues should not wait too long before seeking help.

If normal IRS channels have not led to resolution, Taxpayer Advocate Service (TAS) may be the answer. TAS advocates can help you navigate the system, identify issues you can resolve for clients directly, and reach closure on unresolved tax issues. TAS will assign knowledgeable advocates to help qualified small businesses navigate the federal tax system, understand what is causing their unresolved tax problems, and reach closure with the IRS. TAS works to solve both specific and system-wide tax problems.

Both individual and small business clients may be eligible for free TAS assistance. Taxpayers may be eligible for assistance from TAS if they have tried other channels to resolve their issues and still face:


- economic hardships or significant cost due to their tax problem,
- a 30-day delay to resolve the issue, or
- a response or resolution deadline that was promised by the IRS but not met.

TAS is launching a media campaign to inform preparers, taxpayers and small business owners about TAS services. To request the assistance of the Taxpayer Advocate Service, call toll free 877-ASK-TAS-1. TAS is located on the Web at <http://www.irs.gov/advocate>. 

## Businesses' Views on the ADA

**A**s early as this summer the Department of Justice will be seeking businesses' views on updating the accessibility requirements of the Americans with Disabilities Act. Businesses wishing to comment should look for an Advanced Notice of Proposed Rulemaking that will be posted on the ADA Business Connection website. This site is now available in Spanish as well as English.

The tax incentives that assist businesses in complying with the ADA are still available. Small businesses may use a credit of up to \$5,000 a year to offset costs of altering facilities, using interpreters, or taking other steps to improve accessibility for customers or employees with disabilities. All businesses, whatever their size, can take a deduction of up to \$15,000 each year for the cost of removing barriers in facilities or vehicles.

Learn about the ADA, these tax incentives, and the upcoming proposal for changing accessibility requirements at the ADA Business Connection web site at <http://www.ada.gov/business.htm>, or contact the ADA Information Line at: 800-514-0301 (voice), 800-514-0383 (TTY). 

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### About Reprinting Articles

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## IRS Nationwide Tax Forums Scheduled for Tax Professionals

The IRS Nationwide Tax Forums offer the latest word for tax professionals from the IRS on tax law, compliance and tax practice and procedure. The tax professional community is offered a one-stop shop with opportunities to attend seminar presentations and workshops, as well as focus groups with subjects from ethics and professional conduct to how to enroll and participant in *e-file* and the new e-services. Participants consult with software vendors and tax service providers and have the opportunity to learn about benefits of professional organizations such as the American Institute of Certified Public Accountants (AICPA), National Association for Enrolled Agents (NAEA), National Association of Tax Professionals (NATP), National Society of Tax Professionals (NSTP), and National Society of Accountants (NSA).

If you are a tax professional or involved with the day to day-to-day tax administration for your company, you are invited to attend. If you use a tax professional please recommend they attend.

**This year for the first time!** Registration for the 2004 IRS Nationwide Tax Forums will be online! Be sure to check <http://www.irs.gov/taxpros/article/0,,id=97192,00.html> for the seminar topics and workshop information, as well as the link that will take you to the online registration process! 


### Locations for the 2004 Forums include:

July 6-8, 2004 Atlantic City, NJ	Sheraton Atlantic City	Two Miss America Way	Atlantic City, NJ 08401	888-627-7212	Room Rate: \$149.00
July 20-22, 2004 Orlando, FL	The Peabody Orlando	9801 International Dr.	Orlando, FL 32819	800-732-2639	Room Rate: \$95.00
August 3-5, 2004 Minneapolis, MN	Hyatt Regency Minneapolis	1300 Nicollet Mall	Minneapolis, MN 55403	800-233-1234	Room Rate: \$110.00
August 17-19, 2004 New Orleans, LA	New Orleans Marriott	555 Canal Street	New Orleans, LA 70130	888-364-1200	Room Rate: \$93.00
Aug. 31-Sept. 2, 2004 San Antonio, TX	Marriott Rivercenter	101 Bowie at Commerce St.	San Antonio, TX 78205	800-648-4462	Room Rate: \$91.00
Sept. 14-16, 2004 Las Vegas, NV	Rio All Suites Hotel	3700 W. Flamingo	Las Vegas, NV 89103	888-746-7482	Room Rate: \$110.00

## AccuWage for Tax Year 2004

Free software to test the accuracy of your 2004 Magnetic Media Reporting and Electronic Filing (MMREF) formatted reports will be available on August 9, 2004. The AccuWage software tests your MMREF-1 files by checking for over 200 different errors before you send the report to SSA for processing. AccuW2C 2004 can be downloaded beginning in October 2004. AccuW2C allows you to check your MMREF-2, correction reports.

AccuWage is easy to use. Just go to <http://www.socialsecurity.gov/employer> and select Wage Reporting Software. Download and install the AccuWage software on your personal computer. Then type in the directory where you saved the W2REPORT file. AccuWage will read the file and inform you of any detected errors.


You may continue to download AccuWage onto a personal computer with a Windows 95 operating system, but support for AccuWage running on the Windows 95 operating system is no longer provided. AccuWage continues to be supported under Windows NT/98/ME/2000/XP operating systems. 

## Modernized e-File Launched February 23, 2004


IRS has been reporting for some time that the Modernized e-File (MeF) Program was coming soon. Well the time has arrived and they are pleased to announce that on February 23, 2004, corporate and tax exempt organization returns were enabled for electronic filing on a new platform using a new architecture. For the first time, MeF filers have the option of filing these returns over a secure Internet connection. MeF is being implemented in phases. Release 1 allows the filing of 53 forms and schedules for the Corporate Forms 1120/1120S returns, and includes for tax exempt organizations Forms 990, 990EZ, 1120 POL, and the extension Form 8868. Release 2 is slated for delivery in July 2004 that will add the additional 43 forms and schedules needed by large corporations. A Fed/State Program is scheduled for January 2006.

MeF partnered with tax practitioners on the design and development of the system. Software Developers provided IRS with valuable input on the development of the Extensible Markup Language (XML) schemas and Simple Object Access Protocol (SOAP) packaging, the data and transmission formats used, among other issues such as consolidated returns, attachments to returns, signature options and the redesign of the error reject codes to name a few. This effort paid off as MeF has received over 20,000 returns as of the end of March.

Additional information on the program can be found on the [irs.gov](http://www.irs.gov/efile/article/0,,id=103797,00.html) web site at <http://www.irs.gov/efile/article/0,,id=103797,00.html>.

If you would like more information on Corporate 1120/1120S *e-file*, contact the project by e-mail at [1120@irs.gov](mailto:1120@irs.gov). For additional information on e-filing for tax exempt organizations, e-mails should be directed to [tege-efile@irs.gov](mailto:tege-efile@irs.gov). 

## The 2004 Small Business Resource Guide CD

The 2004 Small Business Resource Guide CD-ROM has a new look and enhanced navigation features to assist with your search efforts. This handy, interactive CD contains all the business tax forms, instructions and publications to successfully manage a business. In addition, the CD provides a wide variety of web links to various government agencies, business associations and IRS organizations. To order your copy, visit the SB/SE website at: <http://www.irs.gov/businesses/small/article/0,,id=101169,00.html> or call the IRS toll-free number at 800-829-3676. 

# EFTPS<sup>®</sup>

Electronic Federal Tax Payment System

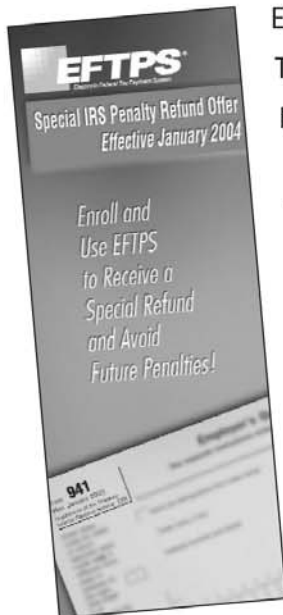
## *If You Received a Late Penalty Last Year...*

### **NOW'S THE TIME TO ENROLL IN EFTPS**

**If you were late in making a Form 941 Federal Tax Deposit payment beginning in 2003 and paid a penalty, you can receive a refund of your penalty if you make future deposits through the Electronic Federal Tax Payment System (EFTPS) beginning in 2004.**

**Here's how it works:**

- 1. Enroll in EFTPS.**
- 2. Use EFTPS for one year (four consecutive quarters) to deposit all your Form 941 taxes.**
- 3. After you use EFTPS for one year to deposit all your Form 941 taxes on time, IRS will automatically remove the penalty and refund your money if no other taxes are owed.**



EFTPS is a service provided free by the U.S. Department of the Treasury. Once you enroll, you can make your payments online or by phone. It's secure, convenient and accurate.

**To take advantage of this offer, enroll in EFTPS online [www.eftps.gov](http://www.eftps.gov). Or call 1-800-555-4477 for an Enrollment Form.**

**For a copy of the FTD Penalty brochure, visit [www.irs.gov](http://www.irs.gov) for Publication Number 4048.**



Dear Taxpayer:

In an effort to save the cost of printing and mailing a tax package to electronic filers of Form 941 (that they may not need), we are sending this information as part of the *SSA/IRS Reporter*. This edition is also sent to tax professionals.

If you need forms or instructions, see the information below. For "HELP" telephone numbers and Web addresses, see page 3 of this issue of the *SSA/IRS Reporter*.

Mark W. Everson  
Commissioner, Internal Revenue Service

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**How To Get a Tax Package or Other Forms and Instructions**

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