

**Modernized e-File (MeF)
Information for
Authorized IRS *e-file* Providers and
Large Taxpayers
(Corporations, Partnerships and
Tax Exempt Organizations)**

Tax Year 2007



Department of the Treasury
Internal Revenue Service

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INTERNAL REVENUE SERVICE MISSION STATEMENT

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

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PART I

INTRODUCTION

Using Publication 4163

Publication 4163 is designed to provide Authorized IRS *e-file* Providers and Large Taxpayers specific requirements and procedures for electronic filing through the Modernized e-File (MeF) system. This Tax Year (TY) 2007 edition (December 2007) replaces the TY 2006 edition (Revised May 1, 2007) and incorporates information for Large Taxpayers. This edition of Publication 4163 replaces the following documents:

- Publication 4206 (Modernized e-File information for Authorized *e-file* Providers of Exempt Organization)
- IRS *e-file* for Large Tax-Exempt Entities Filing Their Own Information Returns
- IRS *e-file* for Large Taxpayers Filing Their Own Corporate Income Tax Return (February 2006)

Authorized IRS *e-file* Providers are representatives from firms/organizations that develop software, originate electronic returns and/or transmit electronic returns to the IRS and who provide services to a multitude of taxpayer clients. The different roles that are available are called “Provider Options”. The firm or organization selects the Provider Option from a menu on their *e-file* Application. Provider Options include:

- Electronic Return Originators (EROs)
- Intermediate Service Providers (ISPs)
- Online Providers
- Software Developers
- Transmitters
- Reporting Agents

Definitions for all Provider Options can be found in Publication 3112 (IRS *e-file* Application and Participation) (<http://www.irs.gov/pub/irs-pdf/p3112.pdf>).

This TY 2007 edition of Publication 4163 now provides information for “Large Taxpayers”. The Large Taxpayer Provider Option was created for large corporations, partnerships and tax exempt organizations that are required to *e-file* or who want to *e-file* voluntarily. There are differences in creating an *e-file* Application for Large Taxpayers versus Authorized IRS *e-file* Providers, so Large Taxpayers should read **Part V** of this publication carefully for specific information. It is important to note that a Large Taxpayer *e-files* their returns with IRS in a “not for profit” manner, so they are **not** considered an “Authorized IRS *e-file* Provider”, whose business is to originate and/or transmit returns for many clients in a “for profit” mode.

IRS will use the procedures in this publication as a standard for all MeF *e-file* programs in the future. All publications referenced in this document are available at www.irs.gov. Be sure to check irs.gov frequently for updated information on *e-filing* through MeF.

For the purposes of this Publication, Authorized IRS e-file Providers and Large Taxpayers will be referred to as the “Provider”. Unless otherwise noted, all information will pertain to both groups.

Communicating with IRS

The following is a list of communication vehicles that Providers may use to obtain information from IRS:

IRS’ **e-Help Desk** (1-866-255-0654) (1-512-416-7750 Outside U.S. & U.S. Territories) provides MeF assistance for both software and communication testing and during transmission of corporate, partnership and tax exempt returns throughout the filing season. The e-Help Desk also provides assistance on the e-services’ Registration and e-file Application processes.

Quick Alerts is a free, web-based mass messaging system available to Authorized IRS e-file Providers. It provides instant e-mail communication regarding processing delays, e-file program updates, and early notification of upcoming seminars and conferences, plus other relative e-file information. Signing up for Quick Alerts requires you to provide your EFIN if you are an ERO, ISP and your ETIN if you are a Software Developer or Transmitter. Large Taxpayers, who are provided both an EFIN and an ETIN, should sign up using their ETIN. The Quick Alerts messaging system uses a "push technology" program that can instantly disseminate messages to thousands of subscribers via pre-selected vehicle of choice(s): cell phone, e-mail, fax, telephone. Subscribers will receive communications 24 hours a day - 7 days a week, regarding processing delays, IRS e-file program updates, early notification of upcoming seminars and conferences. New subscribers may sign up at www.Envoyprofiles.com/quickalerts or through the links provided on the “Tax Professionals” page at <http://www.irs.gov/>

IRS’ **e-mailboxes** are provided for stakeholders to submit questions, suggestions or comments regarding this publication or any MeF form or processing issues. Responses are generally provided within 24 hours. If the response requires research and cannot be answered within the 24 hours, you will receive an e-mail stating that IRS is working your issue and a further e-mail will be forthcoming. Contact the e-mailbox that pertains to the specific form(s):

Form	e-mail Address	Postal Mail Address
7004	1120@irs.gov	Internal Revenue Service 7004 Program SE:W:ETARC:DS:DG1 NCFB C4-338 5000 Ellin Road Lanham, MD 20706

Form	e-mail Address	Postal Mail Address
1120 1120S	<u>1120@irs.gov</u>	Internal Revenue Service 1120/1120S Program SE:W:ETARC:DS:DG1 NCFB C4-338 5000 Ellin Road Lanham, MD 20706
1120-F	<u>LargeCorporate@irs.gov</u>	Internal Revenue Service 1120-F Program SE:W:ETARC:DS:DG1 NCFB C4-432 5000 Ellin Road Lanham, MD 20706
990 990-EZ 990-N 990-PF 1120-POL 8868	<u>TE/GE-EO-efile@irs.gov</u>	Internal Revenue Service 990 Program Tiwana Holland, SE:T:BSP, 6N1 1111 Constitution Avenue, N.W. Washington, D.C. 20224
1065 1065-B	<u>1065MeF@irs.gov</u>	Internal Revenue Service 1065 Program SE:W:ETARC:DS:DG2 NCFB C4-278 Lanham, MD 20706
720 8849 2290	<u>ETEC.mailbox@irs.gov</u>	Internal Revenue Services ETEC (720, 2290,8849) Program SE:W:ETARC:D:D3 NCFB C4-401 5000 Ellin Road Lanham, MD 20706

irs.gov provides the most current information on *e-file*, MeF and all forms/publications. IRS also provides assistance in the following areas:

TOPIC	SERVICE	PHONE NUMBER
Electronic Funds Withdrawal (Direct Debit) Deposits	Check the status of payments or cancelled warehoused (deferred) payments	1-888-353-4537
Publications and Tax Forms	Obtain IRS publications and tax forms by phone or go to http://www.irs.gov/taxpros/lists/0,,id=97782,00.html/	1-800-829-3676
Draft Tax Forms and Instructions	Obtain draft versions of IRS tax forms and instructions http://www.irs.gov/taxpros/lists/0,,id=97782,00.html	1-800-829-4933
Tax Help	Request IRS Tax Assistance for corporate, partnership or tax exempt returns	1-800-829-4933
TeleTax (Recorded Tax Information)	Listen to Automated tax help; see topic numbers in your tax package	1-800-829-4477
Tax Fraud	Report suspicious activity in the IRS <i>e-file</i> Program by calling or by e-mailing (HQ-QRF@ci.irs.gov)	1-800-829-0433

Helpful Publications or Information

The publications in the table below can be obtained by:

1. Clicking on the links in the table
2. Accessing [irs.gov](http://www.irs.gov) and clicking on the “More forms and publications” link on the home page and selecting “Publication Number” in the heading “Download forms and publications by” (<http://www.irs.gov/formspubs/lists/0,,id=97819,00.html>). You can also request these publications in XML or SGML format by clicking on the “List files in XML/SGML” link
3. Accessing the following link: [IRS e-file Technical Publications \(http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html\)](http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html)
4. Searching on [irs.gov](http://www.irs.gov) “Keyword/Search Terms” box.

PROCESS	PROVIDER OPTION	PUBLICATION AND/OR LINK	DESCRIPTION
e-services' Registration	All	https://la1.www4.irs.gov/e-services/Registration/index.htm Screen shots of the Registration process: e-services' Registration Process (pdf, 2.5MB)	Allows individuals to do business electronically with IRS through a one-time, universal registration process
Creating an <i>e-file</i> Application	EROs ISPs Software Developers Online Providers Reporting Agents Transmitters	Publication 3112 (IRS <i>e-file</i> Application and Participation) Publication 3112 (Rev. 11-2004)	Information on how to create an <i>e-file</i> Application. Successful completion of the <i>e-file</i> Application provides an Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) necessary

PROCESS	PROVIDER OPTION	PUBLICATION AND/OR LINK	DESCRIPTION
			to originate and transmit returns to IRS
	Large Taxpayers	Part V of Publication 4163	Information on how to create an <i>e-file</i> Application specific to Large Taxpayers. Successful completion of the <i>e-file</i> Application provides an Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) necessary to originate and transmit returns to IRS
Assurance Test System (ATS) Testing	All	<p>Publication 4162 (Modernized e-File Test Package for Forms 1120/1120-F/1120S) (Includes 7004 tests)</p> <p>Publication 4505 (Modernized e-File Test Package for Forms 1065/1065-B)</p> <p>Publication 4205 (Modernized e-File Test Package for Exempt Organization Filings)</p> <p>Publication 4594 (Modernized e-File Test Package for Forms 2290, 8849 and 720)</p>	Instructions and test case scenarios for software developers, transmitters and Large Taxpayers to use for Assurance Testing System (ATS). Use the specific Publication for the form(s) you will be transmitting to IRS.
		Publication 4164 (Modernized e-File Guide for Software Developers and Transmitters)	Contains communications procedures, transmission formats, business rules and validation procedures for returns <i>e-filed</i> through MeF

Overview and Benefits of Modernized e-File (MeF)

The Modernized e-File (MeF) system was developed to provide a standardized format (eXtensible Markup Language or XML) and standardized transmission methods. The IRS spent over three years on the design and development of the MeF system to ensure the needs of taxpayers were understood. IRS created a stakeholder group comprised of accounting firms, practitioners, states and software vendors. This stakeholder group worked closely with the IRS 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 income tax and information returns can be processed electronically. The project became one of the top IRS modernization projects and was built on the IRS' secure enterprise architecture.

All MeF *e-filed* returns, including International returns, are processed at the Ogden Submission Processing Center (OSPC).

Just a few of the benefits of MeF include:

- **More explicit error conditions** – new explanations pinpoint the location of the error in the return and provide complete information in the Acknowledgement File.
- **Faster acknowledgements** – transmissions are processed upon receipt and acknowledgments are returned in near real-time. No more waiting for once or twice daily system processing cycles.
- **Integrated payment options** – when you *e-file* your return, you can elect to have your refund electronically deposited in your bank or authorize an electronic funds withdrawal from your bank account. Payments are subject to limitations of the Federal Tax Deposit Rules.
- **Duplicate filings are eliminated** – when the forms listed below are included as part of the electronic return, the requirement to submit duplicate copies of the forms to the Ogden Submission Processing Center (OSPC) is eliminated:
 - Form 5471 (Information Return of US Persons With Respect To Certain Foreign Corporations)
 - Form 5472 (Information Return of a 25% Foreign-Owned US Corporation or a Foreign Corporation Engaged in a US Trade or Business)
 - Form 5713 (International Boycott Report)
- **MeF accepts supporting forms/schedules** – Forms 1120, 1120-F, 1120S, 7004, 990, 990-EZ, 990-N, 990-PF, 1120-POL, 8868, 1065, 1065-B, 720, 2290, 8849 and their supporting forms and schedules can be *e-filed* in MeF, either in XML or PDF (see the applicable “Supporting Forms and Schedules” link in this document).
- **24/7 transmissions and acknowledgements** – MeF allows Transmitters to send transmissions to the IRS year round, 24 hours a day. MeF validates the transmission file and creates an acknowledgement file within 24 hours, although in most instances acknowledgements are returned in 2-3 minutes or less, depending on the size of the transmission file.
- **MeF is completely paperless** – taxpayers using a third-party practitioner can use the Practitioner PIN option (see “Instructions for Form 8879” in this document). Forms 8453-C, 8453-S, 8453-PE, 8453-B, 8453-EX and 8453-EO can be printed, signed by the Corporate Officer or Principal and then scanned and attached to the return as a Portable Document Format (PDF) file. All other attachments for which an XML schema has not been developed can be attached as PDF files.
- **MeF supports previous-year filings** – MeF can process the current and two previous years of returns. For TY2007, taxpayers can file TY2005, TY2006 and TY2007.

- **Easily understood reject codes** – return rejects are in plain English and specifically define the location of the error.

New for Tax Year 2007 (Processing Year 2008)

MeF Forms for TY 2007

Beginning January 7, 2008, MeF can process all the following forms in XML. The new forms and associated schedules added to MeF for TY2007 are shown in red:

- **Form 7004** (Application for Automatic 6-Month Extension of Time to File Certain Business Income Tax Information, and Other Returns)
- **Form 8868** (Application for Extension of Time To File an Exempt Organization Return)
- **Form 1120** (U.S. Corporation Income Tax Return)
- **Form 1120-F** (U.S. Income Tax Return of a Foreign Corporation)
 - **Schedule M-1 and M-2** (Reconciliation of Income [Loss] and Analysis of Unappropriated Retained Earnings per Books)
 - **Schedule M-3** (Net Income [Loss] Reconciliation for Foreign Corporations With Reportable Assets of \$10 Million or More)
 - **Schedule H** (Deductions Allocated to Effectively Income Under Regulations Section 1.861-8)
 - **Schedule I** (Interest Expense Allocation Under Regulations Section 1.882-5)
 - **Schedule P** (List of Foreign Partner Interests in Partnerships)
 - **Form 8302** (Direct Deposit of Tax Refund of \$1 Million or More)
- **Form 1120S** (U.S. Income Tax Return for an S Corporation)
- **Form 990** (*Return of Organization Exempt From Income Tax*)
- **Form 990-EZ** (Short Form Return of Organization Exempt From Income Tax)
- **Form 990-N** (Electronic Notice [e-Postcard] for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ)
- **Form 990-PF** (Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation)
- **Form 1120-POL** (U.S. Income Tax Return for Certain Political Organizations)
- **Form 1065** (U.S. Return of Partnership Income)
- **Form 1065-B** (U.S. Return of Income for Electing Large Partnerships)
- **Form 2290** (Heavy Highway Vehicle Use Tax Return)
- **Form 720** (Quarterly Federal Excise Tax Return)
- **Form 8849** (Claim for Refund of Excise Taxes)
 - **Form 8849 (Schedules 3 and 6)**
- **Form 8923** (Mine Rescue Team Training Credit)
- **Form 8925** (Report of Employer-Owned Life Insurance Contracts)
- **Form 1120X** (Amended U.S. Corporation Income Tax Return) (see additional information in the “Superseded and Amended Returns” below)

The following forms are applicable to the 1120-F and can be attached as Portable Document Format (PDF) files:

- **Form 8453-I** (Foreign Corporation Income Tax Declaration for an IRS e-file Return) (new in TY2007)
- **Form 8288-A** (Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests)
- **Form 8805** (Foreign Partner's Information Statement of Section 1446 Withholding Tax)

Tax professionals can use the Practitioner PIN method of electronically signing the Form 1120-F return by using the new **Form 8879-I** (IRS e-file Signature Authorization for Form 1120-F). Instructions for this form can be found in **Part IV** of this document.

New XML Schemas for MeF

- **Form 8923** (Mine Rescue Team Training Credit)
- **Form 8925** (Report of Employer-Owned Life Insurance Contracts)
- **Form 1120X** (Amended U.S. Corporation Income Tax Return) – Beginning with TY 2007, the 1120X will no longer be accepted as a PDF)

Forms Discontinued on MeF

- **Form 8913** (Credit for Federal Telephone Excise Tax Paid) is obsolete for TY 2007 (but can still be filed for TY 2006 returns)
- **Form 5735** (Possessions Corporation Tax Credit [Under Section 936 and 30A])
- **Schedule P (Form 5753)** (Allocation of Income and Expenses Under Section 936(h)(5))
- **Form 8895** (One-Time Dividends Received Deduction for Certain Cash Dividends from Controlled Foreign Corporations)
- **Form 5712-A** (Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5))

Superseding and Amended Returns

The MeF system now processes both superseding and amended returns. A **superseded return** is a subsequent return **filed within the filing period (including extensions)**. An **amended return** is a subsequent return **filed after the expiration of the filing period (including extensions)**.

See the "Superseding and Amended Returns" section in of Part III (Specific Information for *e-filing* in MeF) for more details on filing superseding or amended returns.

Automated Enrollment

The Automated Enrollment (AE) application was developed to replace the manual enrollment of application systems for Application-to-Application (A2A) Web Services. The AE application will automate the enrollment process and provide a user interface for enrolling and maintaining application systems. The AE application is not available to a transmitter who supports Excise Tax Forms (Forms 720, 2290 or 8849). Complete information on the AE process can be found in Section 2 of Publication 4164 (Modernized e-File Guide for Software Developers and Transmitters – TY2007)

Strong Authentication

To support strong authentication for MeF A2A web services, the IRS is installing certificate-based authentication technology. The new authentication system will affect authentication for all A2A Web services. Complete information on strong authentication can be found in Publication 4164 (Modernized e-File Guide for Software Developers and Transmitters – TY2007)

Electronic Management System (EMS)

EMS will not be used by MeF as a transmission channel after December 27, 2007 (MeF transmissions only). Internet Filing Application (IFA) or Application-to-Application (A2A) will be the only transmission channels available for MeF.

Alerts

MeF will generate “Alerts” when there is an issue that needs to be brought to the attention of the transmitter, software developer or taxpayer. Alerts will be included in the Acknowledgement file of accepted or rejected returns. The Form 1120-F will have Alerts issued for math errors. It is important to note that accepted returns that have alerts should not be resubmitted with the alerts corrected – the subsequent return would then be rejected as a duplicate. However, if the return is rejected for other reasons and also has alerts, those alerts should be corrected (along with the other rejects) prior to resubmitting the return.

Signature Requirements for Elections

IRS Counsel reviewed Regulations to identify elections that require a signature to determine if the requirements can be changed. IRS published the results to this review on the Large and Mid-Size Business web pages at <http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>. Any elections that require a separate signature and are not specifically addressed in temporary regulations may be submitted in PDF format.

Short Period Returns (Corporate and Partnership Returns)

When a taxpayer needs to file a short period return before the new tax year software is available (i.e., the taxpayer wants to file a TY2007 short period return at the end of February 2008 and before their software developer has released the TY2007 software),

the return may be submitted using TY2006 schemas. To prevent a short period return from rejecting, ensure that the tax year in the Return Manifest and Return Header reflect the tax year of the schemas being used (i.e., TY 2006). Then enter the actual Beginning and Ending Date of the short period return (i.e., 01/01/2007 to 02/28/2007).

Vehicle Identification Number (VIN) Data Store

IRS has developed a VIN (Vehicle Identification Number) data store which collects VIN data from Form 2290. Where the taxpayer has indicated consent, the VIN data will be shared with state registration agencies to verify that the Heavy Vehicle Use Tax (HVUT) obligation was paid for a vehicle. The implementation for sharing the VIN data store is scheduled for summer of 2008.

Return/Extension Due Dates Tables

The return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>.

Late TY 2007 Tax Legislation

Check irs.gov for specific information on tax legislation (such as H.R. 3996 which has passed the House of Representatives and now resides in the Senate) which may affect MeF forms. IRS will provide guidance for any late-breaking tax legislation and how that will affect *e-filing* in MeF.

The Requirement to *e-file*

Authorized IRS *e-file* Providers and Large Taxpayers should be aware of the requirement to *e-file* for certain corporations, partnerships and tax exempt organizations. Over the past few years, the Department of the Treasury issued several regulations requiring these entities to *e-file*. Complete regulations and the history of the requirement to *e-file* can be found at irs.gov at the following websites:

Corporations (1120/1120S):

<http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>

Partnerships (1065/1065-B): <http://www.irs.gov/efile/article/0,,id=97429,00.html>

Tax Exempt/Government Entities (990, 990-EZ, 990-N, 990-PF, 1120-L):

<http://www.irs.gov/efile/article/0,,id=108211,00.html>

Part II
Rules and Requirements for
Authorized IRS e-file Providers
and Large Taxpayers

Part II identifies all the rules and requirements for Authorized IRS *e-file* Providers and Large Taxpayers to do business electronically with the IRS.

Participating in the IRS *e-file* Program

In order to begin *e-filing* tax returns or developing tax preparation software to submit to the IRS, you must apply and be accepted as an Authorized IRS *e-file* Provider or a Large Taxpayer (corporations required to *e-file* or who want to *e-file* voluntarily).

To create an online *e-file* Application, you must first **register** with e-services. This is a one-time, universal registration process that authenticates individuals to the IRS. Complete instructions for registering for e-services can be found at [irs.gov](http://www.irs.gov) at (<http://www.irs.gov/taxpros/article/0,,id=109646,00.html>).

Once you have successfully registered and confirmed your registration, you will need to **create an *e-file* Application**. See Publication 3112 (IRS *e-file* Application and Participation) (<http://www.irs.gov/formspubs/lists/0,,id=97819,00.html>) for definitions for the different types of Provider Options and for the roles and responsibilities of being an Authorized IRS *e-file* Provider.

Large taxpayers (corporations, partnerships and tax exempt organizations) who are either required to *e-file* or who want to *e-file* voluntarily should read Publication 3112 for a general overview of the *e-file* Program, but should also carefully read Part V of Publication 4163 for information specific to creating an *e-file* Application and for *e-filing* their own return. Two important distinctions are that (1) Large Taxpayers do not have a Principal designated on the *e-file* Application and (2) as a Large Taxpayer *e-filing* your own return, you are not considered an Authorized IRS *e-file* Provider.

In order to transmit returns directly to IRS, all Providers must designate one or more representatives on your *e-file* Application as your Internet Transmitter and/or System Enroller.

Revenue Procedure 2007-40, 2007, 26 Internal Revenue Bulletin (IRB) which was published on June 25, 2007 supersedes Revenue Procedure 2005-60 2005, 35 IRB 449. Revenue Procedure 2007-40 informs Authorized IRS *e-file* Providers of their obligations to the IRS, taxpayers, and other participants in the IRS *e-file* program. A new Section 9 provides that the IRS may deny an Application to participate in the IRS *e-file* program or revoke a Provider's participation in IRS *e-file* if the firm, a Principal, or a Responsible Official is enjoined from filing returns because of a Federal or State court order or injunction or other legal action that prevents participation in I R S *e-file*. In such cases the denied applicant or Provider will not be entitled to seek administrative review of the denial under the procedures set out in the revenue procedure. Revenue Procedure 2007-40 can be viewed on [irs.gov](http://www.irs.gov) at http://www.irs.gov/irb/2007-26_IRB/ar13.html.

Maintaining Your *e-file* Application

Two important things on maintaining your *e-file* Application:

1. **List all the forms you will file** -- your *e-file* Application must be current and must list all the form types (1120, 1065, 990, etc.) that you are going to transmit to the IRS. If you try to transmit a return type that is not indicated on your *e-file* Application, it will be rejected (Error Reject 905). If you have an up-to-date *e-file* Application on file with the IRS, you will avoid having any returns rejected for return type. Please note that the 1120 family includes 1120, 1120S and 1120-F – you only need to check the 1120 box to be able to *e-file* any of these forms.
2. **Maintain your *e-file* Application** -- you need to update your *e-file* Application to remove any Principal, Responsible Official or Delegated User who no longer works with your organization or who is no longer responsible for the authorities on the Application.

Adherence to MeF Rules

All Providers must adhere to IRS *e-file* rules and requirements to continue participation in IRS *e-file*. Requirements are included in Revenue Procedure 2000-31, throughout this publication, and in other publications and notices that govern IRS *e-file* (in particular, see Publication 3112 [IRS *e-file* Application and Participation]). Adherence to all rules and requirements is expected of all Providers regardless of where published. Some rules and requirements are specific to the activities performed by the Provider and are included in appropriate chapters of this publication. The following list, while not all-inclusive, applies to all Authorized IRS *e-file* Providers of corporate income tax returns, tax exempt organization returns, and partnership returns: A Provider must:

- Maintain an acceptable cumulative error or reject rate;
- Adhere to the requirements for ensuring that tax returns are properly signed and when applicable, provide legible and complete declarations;
- Include the ERO's EFIN as the return EFIN for returns the ERO submits to an Intermediate Service Provider or Transmitter;
- Include the Intermediate Service Provider's EFIN in the designated Intermediate Service Provider field in the electronic return record; and
- Submit an electronic return to the IRS with information that is identical to the information provided to the taxpayer and (when applicable) the declaration.

The above rules do not apply to Software Developers that do not engage in any other IRS *e-file* activity other than software development.

Protecting Taxpayer Information (Gramm Leach Bliley Act of 1999 & Federal Trade Commission Rules)

The Federal Trade Commission (FTC) description of “financial institutions” includes businesses that are “significantly engaged” in providing financial products or services to customers. This includes tax preparers, data processors, mortgage brokers, check-cashing businesses, non-bank lenders, personal property or real estate appraisers, courier services, and retailers that issue credit cards to consumers. It also applies to companies that receive information from financial institutions or share information with other financial institutions about their customers. It also pertains to their affiliates and service providers.

If you are a preparer, collector, intermediate service provider, data processor, or transmitter of nonpublic personal tax and financial information, you are considered a financial institution. Tax Preparation Service is defined in 16 CFR 313.3.

The FTC enacted two rules (the Privacy Rule and the Safeguards Rule) pursuant to the Gramm Leach Bliley Act of 1999 (GLBA): that were enacted effective May 23, 2003:

- Businesses must provide their customers with a privacy policy statement in addition to providing privacy of customer information. Notices must be written, either on paper or on a screen display.
- Businesses must also safeguard all customer information, which is defined as nonpublic personal information about their own customers or information received from a financial institution about the customers of another financial institution.
- This includes information handled by affiliates and service providers.

Visit the FTC website www.ftc.gov for documents, guidance, and useful information about your responsibilities.

Submitting a Timely-Filed Electronic Tax Return

All prescribed due dates for filing paper income tax returns apply to electronic returns. All Authorized IRS *e-file* Providers must ensure that returns are promptly processed. However, a Provider that receives a return for electronic filing on or before the due date of the return must ensure that the electronic portion of the return is transmitted on or before that due date (including extensions). An electronically filed return is not considered filed until the electronic portion of the tax return has been acknowledged by the IRS as accepted for processing and a signature for the return has been received (through the use of an attached signature document [Form 8453-C, etc.], or by using the Practitioner PIN method). However, if the electronic portion of a composite return is successfully transmitted on or shortly before the due date and the Provider complies with the requirements for signing the return, the return will be considered timely filed. If

the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, but the Provider and the taxpayer comply with the requirements for timely resubmission of a corrected return, the return will be considered timely filed (see Transmission Perfection Period for Returns in Section IV). Section IV has additional information about the filing of a return through MeF.

Transmitters may provide electronic postmarks to taxpayers if the Transmitters adhere to the requirements in Part VI of this publication. The receipt of an electronic postmark will provide taxpayers with confidence that they have filed their return timely. The date of the electronic postmark is considered the date of filing when the date of electronic postmark is on or before the prescribed due date and the return is received by the IRS after the prescribed due date for filing. All requirements for signing the return and completing the declaration as well as resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

Disclosure of Tax Return Information

Under §301.7216, disclosure of tax return information among Authorized IRS *e-file* Providers for the purpose of preparing a tax return is permissible. For example, an ERO may pass on tax return information to an ISP and/or a Transmitter for the purpose of having an electronic return formatted and transmitted to the IRS. However, if the tax return information is disclosed or used in any other way, an Intermediate Service Provider and/or a Transmitter may be subject to the penalties described in §301-7216 and/or the civil penalties in §6713 for unauthorized disclosure or use of tax return information.

Preparer Penalties

Preparer penalties may be asserted against an individual or firm meeting the definition of an income tax preparer under §7701(a)(36) and §301.7701-15. Preparer penalties that may be asserted under appropriate circumstances include, but are not limited to, those set forth in §§6694, 6695, and 6713.

Under §301.7701-15(d), Authorized IRS *e-file* Providers are not income tax return preparers for the purpose of assessing most preparer penalties as long as their services are limited to “typing, reproduction, or other mechanical assistance in the preparation of a return or claim for refund”. If an ERO, ISP, Transmitter, or the tax preparation product of a Software Developer alters the return information in a nonsubstantive way, this alteration will be considered to come under the “mechanical assistance” exception described in §301.7701-15(d). A nonsubstantive change is a correction or change limited to a transposition error, misplaced entry, spelling error, or arithmetic correction.

If an ERO, ISP, Transmitter, or the tax preparation product of a Software Developer alters the return in a way that does not come under the “mechanical assistance” exception, the Authorized IRS *e-file* Provider may be held liable for income tax return preparer penalties. See §301.7701-15; Rev. Rul. 85-189, 1985-2 C.B. 341 (which

describes a situation where the Software Developer was determined to be an income tax return preparer and subject to certain preparer penalties).

In addition to the above specified provisions, the IRS reserves the right to assert all appropriate preparer and nonpreparer penalties against an Authorized IRS *e-file* Provider as warranted.

Suspensions

For all rules for eligibility to reapply for participation in IRS *e-file* after being previously denied or suspended from participation in IRS *e-file*, refer to the Publication 3112.

Advertising Standards

In addition to the advertising standards common to all Authorized IRS *e-file* Providers detailed in Publication 3112, *IRS e-file Application and Participation*, there are additional responsibilities for Providers *e-filing* corporate, partnership or tax exempt organization income tax returns.

Providers must not use improper or misleading advertising in relation to IRS *e-file*. Any claims by Providers concerning faster refunds by virtue of electronic filing must be consistent with the language in official IRS publications.

In using the Direct Deposit name and logo in an advertisement, the Provider must use the name "Direct Deposit" with initial capital letters or all capital letters; the Provider will use the logo/graphic for Direct Deposit whenever feasible; and the Provider may change the color or size of the Direct Deposit logo/graphic when it is used in advertising pieces.

Paperwork Reduction Act Notice

The collections of information contained in this publication have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1708.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. § 6103.

This information is required to implement IRS *e-file* and to enable taxpayers to file their corporate income tax returns electronically. The information will be used to ensure that taxpayers receive accurate and essential information regarding the filing of their electronic returns and to identify the persons involved in the filing of electronic returns.

The collections of information are required to retain the benefit of participating in IRS *e-file*. The likely respondents are business or other for-profit institutions.

Obtaining, Handling, and Processing Return Information from Taxpayers

An ERO “originates” the electronic submission of returns it either prepares or collects from taxpayers wishing to have their returns *e-filed*. “Originate” is an *e-file* Application definition that means the ERO checks the return for appropriate format (it does not mean that the ERO prepares the return). The ERO must always identify the paid preparer (if any) in the appropriate field of the electronic record for all returns the ERO originates. EROs may either transmit returns directly to the IRS or arrange with another Provider to transmit the electronic return to the IRS. An Authorized IRS *e-file* Provider, including an ERO, may disclose tax return information to other Providers for the purpose of preparing a tax return under Section 301.7216. For example, an ERO may pass on return information to an Intermediate Service Provider or a Transmitter for the purpose of having an electronic return formatted or transmitted to the IRS.

An ERO that chooses to originate returns that it has not prepared, but only collected, becomes the tax return preparer of the returns when, as a result of entering the data, it discovers errors that require substantive changes and then makes the changes. A nonsubstantive change is a correction limited to a transposition error, misplaced entry, spelling error, or arithmetic correction. All other changes are considered substantive and the ERO becomes the return preparer. As such, the ERO may be required to sign the tax return as the income tax return preparer.

IRS Publication 4557 (Safeguarding Taxpayer Data: A Guide for Your Business) provides information on federal and state information security laws and regulations, as well as industry standards and best practices. On May 7, 2007, IRS updated the incident reporting information and on June 29, 2007, issued a redesign that reduced the number of pages from 16 to 12.

Based on requests from e-file providers, as of July 24, 2007, those who choose to include the list of safeguards in their required security plan can enter checkmarks electronically.

IRS Publication 4600 (Safeguarding Taxpayer Information: Quick Reference Guide for Business) is a new tri-fold brochure that summarizes and introduces Publication 4557. Businesses can use the brochure as an information security awareness and marketing tool.

These publications are available only on the I.R.S. website, and can be accessed by entering the publication numbers in the search box. If you have any comments on these two publications, please e-mail them to Safeguard.data.tp@irs.gov ,

Safeguarding MeF From Fraud and Abuse

Safeguarding MeF from fraud and abuse is the shared responsibility of the IRS and the Provider. Providers must be diligent in recognizing and preventing fraud and abuse in IRS *e-file*. A potentially abusive return is a return that is not fraudulent, is required to be filed by the taxpayer, but also contains inaccurate information that may lead to an understatement of a liability or the overstatement of a credit resulting in a refund to which the taxpayer may not be entitled. Fraud or allegations of abuse tarnish the integrity and reputation of both the IRS and our Authorized Providers and great care should be taken to comply with rules and regulations to prevent them. Each Principal, Responsible Official and Delegated Users is responsible for ensuring they conform to IRS *e-file* rules and requirements. Providers with problems involving fraud and abuse may be suspended or expelled from the IRS *e-file* program, may be assessed civil and preparer penalties, or may be subject to legal action.

Any time you observe or become aware of suspicious activity, report it to the IRS by calling 1-800-829-0433 (toll-free).

To learn more about what the Internal Revenue Service has done to maintain integrity of its systems go to irs.gov (<http://www.irs.gov/efile/article/0,,id=146388,00.html>).

Part III

**MeF Information Applicable
to All Form Types**

This section provides specific information that will help you as you prepare your electronic return.

Forms That Cannot Be *e-filed* in MeF

For Tax Year 2007, MeF does not accept or process several different types of returns or return types. Please see Part VI (MeF Information for Specific Forms) to find a complete listing of the returns/return types not accepted/processed in MeF for each return type.

Corporations, partnerships or tax exempt organizations are excluded from the electronic filing requirement under Temporary Treasury Regulation Section 301.6011-5T and Taxpayer Relief Act of 1997, Section 1224 (December 31, 2000) if they meet the criteria set out for their particular form (unless otherwise noted). Providers (those with corporate clients and Large Taxpayers) should to check the latest information on the Large and Mid Size Business area on irs.gov (<http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>).

Regardless of asset size, corporations may either use an IRS Authorized *e-file* Provider to electronically file their corporate income tax return or electronically file their own corporate income tax return. For filing your own corporate income tax return, please see Part V of this Publication.

Return/Extension Due Date Tables

As mentioned in Part I, the return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at:
<http://www.irs.gov/efile/article/0,,id=174983,00.html>.

Superseding or Amended Returns

The MeF system processes both superseding and amended returns. A **superseded return** is a subsequent return **filed within the filing period (including extensions)**. An **amended return** is a subsequent return **filed after the expiration of the filing period (including extensions)**.

IRS has issued final regulations (Treasury Directive [T.D.] 9363) requiring electronic filing of corporate returns (1120 and 1120S) and exempt organization returns (990 series). Beginning with TY2006 returns, **both amended and superseding returns will be required to be e-filed** if the taxpayer is required to file electronically, unless a taxpayer has received an approved waiver to file that particular return in paper. Section 1224 of the Taxpayer Relief Act of 1997, provides the *e-filing* requirements for partnership returns. Note: carryback claims are exempt from the *e-file* requirement and should be filed using the existing paper process.

The **superseding return** selection is only available for **Forms 1120 and 1120S**. A subsequent return can be filed within the filing period (including extensions) for the Forms 1065, 1065-B, 1120-F, 990, 990-EZ, 990-PF, and 1120-POL, and 2290. However, in order to avoid a reject for duplicate filing, the amended return box must be checked.

Amended and superseding corporate returns (1120/1120S) will be accepted for the 2005 tax year and forward. The earliest schema version that supports amended and superseding corporate returns for tax year 2005 is Version 2.5.

The following are not accepted for amended returns Forms 1120 and 1120S beginning with tax year 2007:

- Placeholder forms (to pass applicable business rules). Amended returns for Forms 1120 and 1120S have a subset of business rules that will be enforced, eliminating the need for placeholder forms. These business rules are located on irs.gov at: <http://www.irs.gov/efile/article/0,,id=128360,00.html>.
- A PDF Form 1120X
- A PDF statement for Form 1120 and 1120S to identify the line number of each amended item, corrected amount or treatment of the item, and explanation of the reason of the change.

For more information on corporate amended returns please refer to the following web page on irs.gov: <http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>

Forms 1065, 1065-B, 990, 990-EZ, 990-PF, 1120-POL, 1120-F and 2290 have “Amended Return” check boxes. MeF can accept *e-filed* amended returns for Forms 1065, 1065-B, 990, 990-EZ, 990-PF, 1120-POL for tax year 2006 and forward if the checkbox is checked. The 990, 990-EZ, 990-PF and 1120-POL tax exempt organizations can *e-file* their amended return but are not required to do so. MeF can accept *e-filed* amended returns for Forms 1120-F and 2290 for Tax Year 2007 and forward. The amended return for the Form 720 (Form 720X) must be filed using the existing paper procedures.

For additional Partnership return information on amended returns, please refer to the following web page on irs.gov: <http://www.irs.gov/businesses/small/article/0,,id=170978,00.html>

Signing an Electronic Return

A “return” filed through MeF is a composite of electronically transmitted data. If a taxpayer is required to file a document that requires an original signature, proposed regulations (Reg 116664-01) eliminate the obligation to mail the original document to the IRS. Instead, the original document should be scanned and transmitted with the return, but the original paper documents must be retained by the originator/taxpayer. More information on the temporary regulations can be found at irs.gov (http://www.irs.gov/irb/2004-03_IRB/ar07.html#d0e286/).

Other Forms and Elections Requiring Signatures

Many forms that may be attached to MeF forms have separate signature lines. During the development of MeF, IRS identified all of the forms with separate signature lines and requested IRS Counsel to issue special instructions to facilitate electronic filing. Regulation T.D. 9100 contains amendments to the Income Tax Regulations (26 CFR Part 1) and Procedure and Administration Regulations (26 CFR part 301) and eliminates some of regulatory requirements considered impediments to the electronic submission of tax returns and other forms filed by corporations, partnerships and other businesses with regard to third party signature requirements. These regulations impeded electronic filing by 1) requiring taxpayers to include third party signatures on their tax returns; 2) requiring taxpayers to attach documents or statements generated by third parties; or 3) requiring a taxpayer to sign an IRS form and file it as an attachment to their income tax return. T.D. 9100 eliminates the impediments for taxable years beginning after December 31, 2002. The regulations generally affect taxpayers who are required to file any of the following forms: 926, 973, 982, 1120, 1120S, 1122, 5471, 5712-A, 8832. See T.D 9100 for a complete list of applicable signature forms.

Business Name Controls

When returns are transmitted to the IRS through MeF, the Name Control is checked against the IRS' National Account Profile (NAP). It is very important that the entity name match the NAP file to avoid the return being rejected (one of the most common rejects is Business Rule 901). Below are the rules that IRS uses to check Name Controls. An issue of great importance is having a correct Name Control.

Generally, the Name Control is derived from the first four characters of the filer name and consists of up to four alpha and/or numeric characters. Below are examples to assist you in the preparation of the tax return.

After reading the rules, if you still cannot determine your business name control, contact the IRS' e-Help Desk at 1-866-255-0654.

Business Name Control General Information:

- The Name Control consists of up to four alpha and/or numeric characters.
- The Name Control 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 corporation name.
- The ampersand (&) and hyphen (-) are the only special characters allowed in the Name Control.
- The Name Control can have less, but no more than four characters. Blanks may be present only at the end of the Name Control.
- Note: Do not include "dba" as part of the Name Control. The acronym stands for "doing business as".

Business Name Control Valid Characters:

- Numeric (0- 9)
- Alpha (A-Z)
- Hyphen (-),
- Ampersand (&)

Business Name Control Special Rule:

- If an invalid character is used in the name line, drop the special character from the taxpayer's name. Example: 4U.com. The Name Control should be "4UCO".

Examples:

<u>Name Control</u> (Underlined)	Name Control	Rule
<u>Sumac</u> Field Plow Inc. <u>11th</u> Street Inc. <u>P & P</u> Company <u>Y-Z</u> Drive Co <u>ZZZ</u> Club <u>Palm</u> Catalpa Ltd. <u>Fir</u> Homeowners Assn.	SUMA 11 TH P&PC Y-ZD ZZZC PALM FIRH	Derive the Name Control from the first four significant characters of the corporation name.
The <u>Willow</u> Co. The <u>Hawthorn</u>	WILL THEH	When determining a corporation name control, omit "The" when it is followed by more than one word. Include the word "The" when it is followed by only one word.
<u>John</u> Hackberry PA <u>Sam</u> Sycamore SC <u>Carl</u> Eucalyptus M.D.P.A.	John SAMS CARL	If a business name contains any of the following abbreviations, treat as the business name of a corporation: PC – Professional Corporation SC – Small Corporation PA –Professional Association PS --Professional Service
The <u>Joseph</u> Holly Fund The <u>Joseph</u> Holly Foundation Kathryn <u>Fir</u> Memorial Fdn.	JOSE JOSE KATH	Apply Name Control rules when the organization name contains "Fund", "Foundation" or "Fdn".
<u>City</u> of Fort Hickory Board <u>Walnut</u> County Employees Association <u>Rho</u> Alpha Chapter Alpha Tau Fraternity <u>House</u> Assn. of Beta XI Chapter of Omicron Delta Kappa	CITY WALN RHOA HOUS	Apply the Name Control rules to chapter names of national fraternal organizations.

Addresses

Domestic Address Changes

MeF will accept all domestic address changes as shown by the taxpayer in the entity portion of the parent return. The “Name or Address Change” checkbox should be checked. The entered address will become the taxpayer’s new “official address of record” within IRS’ Master File. 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 and for refunds of overpayments of tax (unless otherwise specifically directed by taxpayers, such as by using Direct Deposit).

An ERO’s address must never be put in fields reserved for taxpayers’ addresses in the electronic return record or on signature documents (e.g., Form 8453-C, 8453-S, 8453-PE, 8453-B, 8453-EO and 8453-I). The only exceptions are (1) if the ERO is the taxpayer or (2) if the address of a power of attorney for the taxpayer for the tax return is the same as the address of the ERO

Make sure to check [Exhibit 1](#) at the end of this Publication for Standard Street Address Abbreviations and Valid Postal ZIP Codes as recognized by the U.S. Postal Service.

Foreign Address Changes

MeF electronically filed Forms will accept changes to foreign addresses.

Foreign Addresses

Returns/extensions (except for Form 990-PF) with a foreign address in the entity portion of the electronic return may be filed electronically.

There will be instances in the preparation of the returns, forms or attachments when the preparer is directed to enter the two character Foreign Country Code. This code should always be the code of the Foreign Country or Foreign Sovereignty as recognized by the United States Department of State. See [Exhibit 2](#) at the end of this Publication for the accepted Foreign Country Code.

North American Industry Classification System (NAICS) Codes

A principal business activity and the associated code is designed to classify an enterprise by the type of activity in which it is engaged to facilitate the administration of the Internal Revenue Code (IRC). These principal business activity codes are based on the North American Industry Classification System. [Exhibit 5](#) provides a list of the valid codes for Principal Business Activity Codes (NAIC Codes).

Refunds and Payments

Refunds

There are several options to receive refunds through MeF:

- Applied to next year's estimated tax
- Received as a Direct Deposit or paper check
- Split between a portion applied to next year's estimated tax and the remainder received as Direct Deposit or paper check.

Taxpayers often elect the Direct Deposit option because it is the fastest way of receiving refunds. Providers must accept any Direct Deposit election to any eligible financial institution designated by the taxpayer. Refunds may be designated for Direct Deposit to qualified accounts in the taxpayer's name. Qualified accounts include savings, checking, share draft, or consumer asset accounts (for example, IRA or money market accounts). Refunds may not be designated for Direct Deposit to credit card accounts. Qualified accounts must be held by financial institutions within the United States. Qualifying institutions may be national banks, state banks (including the District of Columbia and political sub-divisions of the 50 states), savings and loan associations, mutual savings banks, and credit unions.

Check or share draft accounts that are "payable through" another institution may not accept Direct Deposits. Taxpayers should verify their financial institution's Direct Deposit policy before they elect the Direct Deposit option.

Taxpayers who choose Direct Deposit must provide Providers with account numbers and routing numbers for qualified accounts. This information is best obtained from official financial institution records, account cards, checks or share drafts that contain the taxpayer's name and address.

Additionally, a Provider must never charge a separate fee for Direct Deposit and must accept any Direct Deposit election by a taxpayer to any eligible financial institution. The Provider must advise the taxpayer that a Direct Deposit election cannot be rescinded and that changes cannot be made to routing numbers of financial institutions or to the taxpayer's account numbers after IRS has accepted the return. The Provider must not alter the Direct Deposit information in the electronic record after a taxpayer has signed the tax return.

Providers with repeat customers or clients should check to see if taxpayers have new accounts. Some software stores last year's information and reuses it unless it is changed. Taxpayers will not receive Direct Deposit of their refunds if account information is not updated to reflect current information.

Refunds that are not Direct Deposited because of institutional refusal, erroneous account or routing numbers, closed accounts, bank mergers, or any other reason will be issued as paper checks, resulting in refund delays of up to ten weeks. While the IRS will

ordinarily process a request for Direct Deposit, it reserves the right to issue a paper check and does not guarantee a specific date by which the refund will be deposited into the taxpayer's account. Neither the IRS nor FMS is responsible for the misapplication of a Direct Deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, Authorized IRS *e-file* Provider, financial institution, or any of their agents.

Balance Due Returns

Taxpayers who owe additional tax must pay their balances due by the original due date of the return or be subject to interest and penalties. An extension of time to file may be filed electronically by the original return due date, but it is an extension of time to file the return, not an extension of time to pay a balance due. Providers should inform taxpayers of their obligations and options for paying balances due. Taxpayers have several choices when paying any taxes owed on their returns as well as estimated tax payments.

Electronic Funds Withdrawal (EFW)

The MeF Program will allow a taxpayer to pay the balance due on Form 1120/1120S/1120-F/1120-POL/990-PF/1065/1065-B/720/2290 tax returns or the 7004/8868 extension forms by authorizing an electronic funds withdrawal. If the taxpayer chooses this payment method, they may authorize the entire payment (or a partial payment) be made at the time that their tax return/extension form is electronically filed. Note: only the entire payment can be made for the balance due on Form 8868. The payment amount cannot be greater than the tax due on the electronic tax return or form. The taxpayer must specify the bank account from which they wish to have the payment withdrawn and the date on which the withdrawal will be made. This allows the taxpayer to pay the balance due as soon as the tax return or form is processed or schedule the payment for withdrawal on a future date, not later than the return's due date. For returns transmitted after the due date, the payment date must be the same as the date the return is transmitted. Domestic corporations must deposit all income tax payments by using the Electronic Federal Tax Payment System (EFTPS) or with Form 8109, Federal Tax Deposit Coupon, by the due date of the return. If the corporation expects to have a net operating loss carryback, the corporation can reduce the amount to be deposited to the extent of the overpayment resulting from the carryback, provided all other prior year tax liabilities have been fully paid and Form 1138, Extension of Time for Payment of Taxes by a Corporation Expecting a Net Operating Loss Carryback, is filed with Form 7004.

Form 7004 or Form 8868 does not extend the time to pay tax. If the entity is a corporation or affiliated group of corporations filing a consolidated return, the corporation must remit the amount of the unpaid tax liability shown on line 8 on or before the due date of the return. If you file Form 7004 electronically, you can pay by Electronic Funds Withdrawal (EFW). See Form 8878-A. A trust (Form 1041), electing large partnership (Form 1065-B), or REMIC (Form 1066) will be granted an extension even if it cannot pay the full amount shown on line 8. But it should pay as much as it can to limit the amount of penalties and interest it will owe. If the trust, electing large partnership, or REMIC needs to make a payment, see Note below. Foreign corporations

that maintain an office or place of business in the United States should pay their tax as described above for domestic corporations. For foreign corporations that do not maintain an office or place of business in the United States and need to make a payment, see Note below. If you are requesting an extension of time to file Form 1042, see the deposit rules in the instructions for the form to determine how payment must be made.

If the electronic funds withdrawal (EFW) is authorized, an IRS Payment record must be attached to the electronic return and an EFW consent statement must be signed. Note to transmitters: the payment record can only be attached at the top level return and any payment attached otherwise will not be processed. The following information is required in the payment record:

- Routing Transit Number
- Bank Account Number
- Account Type
- Payment Amount
- Requested payment Date
- Taxpayer's Daytime Phone Number

It is important to note that the following twenty day rule does not apply to payments: If a submission was rejected on the due date, the return can be submitted within 20 days of the due date and not be considered late. In case the return is rejected on the due date, it is recommended that the EFW payment not be transmitted with the return. The balance due can be paid by EFTPS or check/money order to avoid late fees.

If taxpayers do not provide all of the required information, Providers must contact the taxpayers. If the Provider is unsuccessful in obtaining the electronic funds withdrawal information, but the returns are otherwise complete, the Provider should proceed with the origination of the electronic return data to the IRS. The Provider must notify the taxpayer in writing that other arrangements must be made to pay the balance due.

Revoking or Cancelling EFW Payments

To revoke or cancel any EFW payment, you must contact the U.S. Treasury Financial Agent at 1-888-353-4537 (toll free). Cancellation requests must be received no later than 8:00 p.m., Eastern Standard Time, at least two business days prior to the scheduled payment date. If there is a change to the bank account information provided on the return or form, call this number to cancel the scheduled payment. You may also call this number to inquire about the status of an EFW payment. You can also call 1-800-829-4933 ten (10) days after the requested payment date to confirm receipt of your payment. When calling, please be ready to provide the Employer Identification Number, the payment amount, and the bank account number.

Check Payments

Balance due payments may be made by mailing a check. Payments do not have to be mailed at the same time an electronic return is transmitted. For example, the return

may be transmitted in January and the taxpayer may mail the payment and voucher at any time on or before the return due date.

Credit Card Payments

Since 2002, business *e-filers* have been able to pay their balance due by credit card. Although this payment option is not currently applicable for any MeF-related software, the tax preparation software industry should contact the IRS if they want to incorporate a credit card tax payment option in their MeF software for Form 1120/1120S/1120-POL, 1065/1065-B, 990-PF, 7004 and 8868 filers. The credit card payment data (card number and expiration date) must be collected during the return *e-filing* process and before the return is transmitted. The credit card tax payment data is forwarded to the IRS separately from the return. Once the *e-filed* return is accepted, the tax payment data will be forwarded to the IRS in an Electronic Data Interchange (EDI) format.

Below is a link to the technical specifications for integrating a credit card tax payment option into a software product. Any software developer that wishes to offer an integrated *e-file* and pay credit card option to business (or individual) *e-filers* may do so non-competitively.

The URL for the integrated file and pay Credit Card Bulk Filer Requirements is shown below. Annual registration is required. While we generally accept registration forms up to September of each year, to ensure that ample testing time is scheduled, early registration is strongly encouraged.

http://www.irs.gov/pub/irs-schema/2006_credit_card_bulk_provider_requirements_rev_2.0.doc

Avoiding Refund Delays

EROs should advise taxpayers that they can avoid refund delays by having all of their taxes and obligations paid, providing current and correct information to the ERO, ensuring that all bank account information is up-to-date and carefully checking their tax return information before signing the return.

Suggestions to avoid rejects and refund delays:

- Exercise care in the entry of tax return data into tax return preparation software and carefully check the tax return information before signing the tax return;
- Avoid taxpayers who insist on claiming dubious items on tax returns or present altered or suspicious documents;
- Ask taxpayers if there were problems with last year's return; if so, see if the conditions that caused the problems have been corrected or can be avoided this year; and

- Keep track of client issues that result in refund delays and analyze for common problems; counsel taxpayers on ways to address these problems.

Electronic Federal Tax Payment System (EFTPS)

Balances due and estimated taxes can be paid year round using the Electronic Federal Tax Payment System (EFTPS). Taxpayers enroll in EFTPS-Online via an official government site on the Internet, using a user-friendly Web interface. After enrollment, taxpayers receive a confirmation package by mail with instructions. For more information on electronic deposit options, visit <http://www.irs.gov/efile/> and click on “Electronic Federal Tax Payment System”.

If your return is rejected and the time to make a timely payment has lapsed and you still need to make a payment, please make a Federal Tax Deposit through the Electronic Federal Tax Payment System (EFTPS). If you are not enrolled in the EFTPS you can complete and take Form 8109 Federal Tax Deposit Coupon with the payment to an authorized depository (i.e., a commercial bank or other financial institution authorized to accept Federal Tax Deposits). All business taxpayers are authorized to use EFTPS. If you would like to enroll in the EFTPS by phone you can call 1-800 316-6541 or 1-800 945-8400 or visit the website at www.eftps.gov

Special Instructions When Copies of Original Forms are Required

Special attention should be paid when instructions call for processing a form prior to filing the electronic return. For example, instructions indicate that all the Form 4466 (Corporation Application for Quick Refund of Overpayment of Estimated Tax) should be filed prior to filing the return in order to receive a quick refund. When this occurs, the taxpayer should file the form with the appropriate Processing Center and a copy of the Form 4466 should be attached to the electronic return, but note that the electronic copy **will not** be processed. The copy attached to the electronic return will be used for information only.

There are other forms that may fall in this category. Special attention should be paid when instructions call for processing a form prior to filing the electronic return. MeF will keep copies of these forms for informational purposes only.

Signing an Electronic Return

As with any Income tax return submitted to the IRS on paper, an electronic income tax return must be signed by an authorized officer of the corporation, partnership or tax exempt organization and the paid preparer (if applicable). If the electronic return does not have a viable signature (see below), the return will be rejected. Corporations, partnerships or tax exempt organizations must designate a principal of the firm responsible for signing the income tax return following the procedures outlined in Treasury Regulation Section 1.6062-1. The officer must sign and date the "Declaration of Taxpayer".

For all signature options, the corporate officer must sign and date the "Declaration of Taxpayer" to authorize the origination of the electronic submission of the return to the IRS prior to the transmission of the return to IRS. The Declaration of Taxpayer includes the taxpayer's declaration under penalties of perjury that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the IRS to disclose information to the taxpayer's Authorized IRS *e-file* Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS.

If the electronic return data on a corporate income tax return is changed after the taxpayers signed the Declaration of Taxpayer, taxpayers must sign a new declaration if the "Total Income" amount differs by more than \$150 or the "Taxable Income amount differs by more than "\$100.

The MeF system requires taxpayers and Providers to use one of the alternative signature options for signing electronic returns. The two available options are the **Practitioner Personal Identification Number (PIN)** method and the **Scanned Form 8453** method.

The **Practitioner PIN** option can only be used if the taxpayer uses an ERO (it cannot be used if a taxpayer is filing through an Online Provider). It is a totally electronic process, although the ERO is required to retain the appropriately-signed Form 8879 (see list below) in their office. The "signature" of the taxpayer and ERO are done by self-selecting PINs. The taxpayer must decide whether they want to enter their own PIN or whether they authorize the ERO to enter the PIN they choose as their signature. The ERO will print out the form and ask the taxpayer to choose a five-digit PIN to sign their return (Note: the taxpayer can authorize the ERO to do this over the phone; it is not necessary that the taxpayer be in the ERO's office). The Taxpayer's PIN must be five numeric characters and cannot contain all zeros. The ERO selects an 11-position PIN to sign the return. The first six positions of the Practitioner PIN will be made up of the ERO's Electronic Filing Identification Number (EFIN) and the next five positions will be made up of numeric characters that the ERO chooses.

The following fields are required for the Practitioner PIN method or the return will be rejected. **Note: this was a common reject, so be sure to include all the fields shown below:**

- Practitioner PIN
- PIN Entered By Indicator
- Name of Officer
- Title of Officer
- Taxpayer PIN
- Date Signed

The ERO must sign and complete the requested information in the “Declaration of Electronic Return Originator (ERO) and Paid Preparer” section after thoroughly reading the declaration. An ERO may authorize members of its firm or designated employees to sign for the ERO, but the ERO is still responsible for all electronically filed returns originated by its firm. EROs do not have to disclose their Employer Identification Number (EIN) or Social Security Number (SSN) on the copies they provide to taxpayers.

If the return was prepared for a fee, the paid preparer must also sign the jurat. If the paid preparer is also the ERO, the preparer may check the “Also the Paid Preparer” box and not complete the “Paid Preparer’s Use Only” section. Paid Preparers do not have to disclose their SSNs or EINs on the copies they provide to taxpayers.

For Form 7004, the Practitioner PIN method is the only option viable for signing extensions. There is no signature requirement on the Form 7004. If there is a payment attached to the Form 7004, then the Practitioner PIN option must be used.

Form 8868 (Application for Extension of Time to File an Exempt Organization Return) no longer requires a signature.

For Form 8879-EX (Forms 2290, 720 and 8849) require that, when using the Practitioner PIN option, the filer signs and keeps Form 8879. When a PIN is used to sign the 2290 Disclosure Consent, the actual consent page/text is not included with the submission

Signature authorization is made on the following Forms 8879 for corporate, partnership or tax exempt organizations:

For Form 1120

[2006 Form 8879-C \(PDF\) IRS e-file Signature Authorization for Form 1120](#)

For Form 1120S:

[2006 Form 8879-S \(PDF\) IRS e-file Signature Authorization for Form 1120S](#)

For Form 1120-F:

[2007 Form 8879-I \(PDF\) IRS e-file Signature Authorization for Form 1120-F](#)

For Forms 990, 990-PF, 1120-POL and 8868:

[2006 Form 8879-EO \(PDF\) IRS e-file Signature Authorization for an Exempt Organization](#)

For Form 1065:

[2006 Form 8879-PE \(PDF\) IRS e-file Signature Authorization for Form 1065](#)

For Form 1065-B:

[2006 Form 8879-B \(PDF\) IRS e-file Signature Authorization for Form 1065-B](#)

For Forms 720, 2290 and 8849:

[0707 Form 8879-EX \(PDF\) IRS e-file Signature Authorization for Forms 720, 2290, and 8849](#)

The **Scanned Form 8453** method involves signing a document and attaching it to your electronic return. The designated officer signs the appropriate form (see list below) and the form is scanned and attached to the electronic return as a Portable Document Format (PDF). Your selected tax preparation software will provide instructions on how and where to attach this document to your electronic return. The scanned Form 8453 attachment must be 3.0 MB or less and named "8453 Signature Document".

A paper copy of the signed form should be retained by the corporation, partnership or tax exempt organization but should not be mailed to the IRS. **(Note: IRS will not accept these documents submitted in paper.)**

Signature authorization is made on the following Forms 8453 for corporate, partnership or tax exempt organizations:

Form 1120:

[Form 8453-C U.S. Corporation Income Tax Declaration for an IRS e-file Return](#)

Form 1120S:

[Form 8453-S U.S. S Corporation Income Tax Declaration for an IRS e-file Return](#)

Form 1120-F:

[2007 Form 8453-I \(PDF\) Foreign Corporation Income Tax Declaration for an IRS e-file Return](#)

Form 1065:

[Form 8453-P U.S. Partnership Declaration and Signature for Electronic Filing](#)

[Form 8453-PE U.S. Partnership Declaration for an IRS e-file Return](#) (use when filing through an Online Provider and not an ERO/ISP, etc.)

Form 1065-B:

[Form 8453-B U.S. Electing Large Partnership Declaration for an IRS e-file Return](#)

For Forms 990, 990-EZ, 990-PF, 1120-POL and 8868:

[Form 8453-EO Exempt Organization Declaration & Signature for Electronic Filing](#)

For Forms 720, 2290 and 8849:

[0707 Form 8453-EX \(PDF\) Excise Tax Declaration for an IRS e-file Return](#)

Elections That Require Separate Signatures

IRS' Chief Counsel reviewed regulations to identify elections that require a signature to determine if the requirements can be changed. IRS published the results to this review on the Large and Mid-Size Businesses web page at

<http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>. Elections that require a separate signature may be attached to the electronic return as a PDF file.

Attaching Portable Document Format (PDF) Files

PDF files attached to a return must contain a meaningful title or explanation for the attachment. The description will be used when the IRS displays the name of the attachment. Examples include: "Taxable Income Bracket Allocation" or "Statement of Corporate Reorganization".

Special Instructions for Supporting Data Required by Form 8865

In many instances information on schedules attached to Form 1065 will be the same schedules required to be filed with Form 8865 (Return of US Person with Respect to Certain Foreign Partnerships). If a taxpayer has already prepared Form 1065 and has completed Schedules B, D, K, K1, L, M-1, M-2, do **NOT** attach the Form 1065 schedules to the return. Instead, copy the data from the Form 1065 schedules to the corresponding Form 8865 schedules.

Submitting the Electronic Return to the IRS

An ERO must originate the electronic submission of a return as soon as possible after it is signed.

An ERO must ensure that stockpiling of returns does not occur at its offices. Stockpiling refers to either collecting returns from taxpayers or from another Authorized IRS *e-file* Provider prior to official acceptance in IRS *e-file*. Or, after official acceptance to

participate in IRS *e-file*, stockpiling refers to waiting more than three calendar days to submit the return to the IRS once the ERO has all necessary information for origination. Returns that are held prior to the date that electronic returns may be transmitted to the IRS are not considered stockpiled.

Record Keeping and Documentation Requirements

Providers must retain the information listed below until the end of the calendar year in which the return was filed or nine months after a fiscal year return was filed. Providers may retain the required records at the business address of the Responsible Official during any period of time the office is closed. Providers must make the records available to the IRS upon request.

- A copy of signed IRS *e-file* Consent to Disclosure forms for taxpayers who signed using an electronic signature;
- A complete copy of the electronic portion of the 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.

Forms 8878-A, 8879-C, 8879-S , 8879-PE, 8879-B, 8879-EO must be available to the IRS in the same manner described above, for three years from the due date of the return or IRS received date, whichever is later.

Providers may electronically image and store all paper records they are required to retain for IRS *e-file*. This includes signed signature documents as well as any supporting documents not included in the electronic record and all signature documents. 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.

Electronic Filers who are required to originate their own returns must retain all information that a taxpayer would retain for the appropriate time period.

Providing Information to the Taxpayer

Providers must provide a complete copy of the return to the taxpayer. However, the copy need not contain the taxpayer identification number of the Paid Preparer. A complete copy of a taxpayer's return includes jurats, as well as the electronic portion of the return. The electronic portion of the return can be contained on a replica of an official form or on an unofficial form. However, on an unofficial form, data entries must

be referenced to the line numbers or descriptions on an official form. If the taxpayer provided a completed paper return for electronic filing and the information on the electronic portion of the return is identical to the information provided by the taxpayer, a printout of the electronic portion of the return does not have to be provided to the taxpayer. The ERO should advise the taxpayer to retain a complete copy of the return and any supporting material. Refer to the current year's tax package for addresses or <http://www.irs.gov/>

Acknowledgements of Transmitted Return Data

The IRS electronically acknowledges the receipt of all transmissions and returns. Each return in a transmission is either accepted or rejected for specific reasons. Returns which meet the processing criteria are considered "filed" as soon as the return is accepted. Rejected returns that fail to meet processing criteria are considered "not filed." The acknowledgement identifies the source of the reject and uses business rules to explain the problem. A business rule will explain why the transmission or return rejected (See [Exhibit 6](#)). Notification of changes to business rules will be sent out via the "Quick Alerts" Communication System).

If the Provider makes changes to the electronic return after the jurat has been signed by the taxpayer (whether it was before transmitting or if the return was rejected after transmission) returns can be corrected and transmitted without new signatures or authorizations if changes to corporate returns are not more than \$150 to "Total Income" or more than \$100 to "Taxable Income". New signatures or authorizations are not required for Exempt Organizations if changes to the reported gross receipts are not more than \$100. If the changes are more than the amounts listed, the taxpayer is required to sign a new jurat or signature authorization and the taxpayer must be given a copy of the applicable document (either paper or electronic).

When the MeF system has finished processing a return, it generates an acknowledgement that acts as an electronic confirmation of receipt and lets the submitter know whether a return was accepted or rejected. The ERO must, at the request of the corporation, provide the *Return ID Number and the date the electronic return was accepted by the IRS. The ERO must also, if requested, supply the electronic postmark, if the Transmitter provided one for the return. This information can be found in the acknowledgement sent to the Transmitter.

*Return ID – 20 position field: (EFIN, YYYY, Julian Day, 7 position Alphanumeric)

Resubmission of Rejected Extensions

If the Service rejects the extension request and the reason for the rejection cannot be corrected and retransmitted, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours. When the ERO advises the taxpayer that the extension has not been filed, the ERO must provide the taxpayer with the Business Rule explanation (See [Exhibit 6](#)).

- If the electronic extension can be retransmitted it must be filed by the later of the due date of the return or 5 calendar days after the date the Service gives notification the return is rejected
- If the electronic extension cannot be accepted for processing electronically, the taxpayer must file a **paper** extension. In order for the **paper** extension to be considered timely it must be filed by the later of the due date of the return or 5 calendar days after the date the Service gives notification the return is rejected. The **paper** extension should include an explanation of why the return is being filed after the due date and include a copy of the reject notification.

Transmission Perfection Period

When a transmitted electronic return is rejected, there is a 20-day Transmission Perfection Period to perfect that return for electronic re-transmission. For Form 7004 and 8868 extensions, the perfection period is 5 days. Perfection of the return for electronic re-transmission generally means that the originally signed return may have errors in the format of the XML or errors that cause the return to fail the IRS *e-file* business rules. Material changes to the Taxable Income (Taxable Income is changed by more than \$100) is not considered perfecting the return for electronic re-transmission.

When a previously rejected electronic return is Accepted by the IRS within the 20 day Transmission Perfection Period, it will be deemed to have been received on the date of the first reject that occurred within that 20-day period.

The 20 days is actually a “look back” period and is determined once the return is accepted. IRS looks back 20 days from the date the return is Accepted to determine if there have been any rejects for the same EIN and Year. If there have been one or more rejects within that 20 day look back period, IRS uses the received date on the earliest reject as the received date for the Accepted return (Note: the received date is the electronic postmark, if present, or the IRS received date in the GTX Key).

The following chart provides examples of how IRS determines received dates. The chart assumes 1st rejection occurs on date of transmission, 2nd rejection occurs on date of retransmission, and acceptance occurs on date of final transmission. The IRS received date is used for purposes of determining whether a return is timely filed.

	Tax Year End	Due Date	Extension	Original transmission/ 1 st Reject Date	2 nd transmission/ Reject Date	Accepted Date/ final transmission	IRS Received Date
1	12/31/05	03/15/06	No	03/10/06	03/12/06	03/30/06	03/10/06
2	12/31/05	03/15/06	No	03/15/06	03/25/06	04/10/06	04/10/06
3	12/31/05	03/15/06	No	03/10/06	03/15/06	04/04/06	03/15/06
4	12/31/05	03/15/06	Yes -9/15/06	08/10/06	09/18/06	09/25/06	09/25/06
5	03/31/06	06/15/06	Yes - 12/15/06	08/10/06	12/15/06	01/01/07	12/15/06
6	12/31/05	03/15/06	Yes – 9/15/06	NA	NA	10/01/06	10/01/06

How to Determine IRS Received Date:

- # 1 – Return corrected and accepted within 20 days of original transmission
- # 2 - Return transmitted on original due date but not corrected and accepted between 16th day and 20 days thereafter
- # 3 – Return transmitted before due date and retransmitted within 20 days of original transmission; 2nd reject received on or before due date and corrected and accepted between 16th day and 20 days thereafter
- # 4 – Return transmitted before extended due date and not retransmitted within 20 days of initial reject, and 2nd transmission made and reject received after extended due date
- # 5 - Same as #4, but 2nd transmission made and reject received on or before extended due date and return corrected and accepted between 16th and 20 days thereafter
- # 6 – Return transmitted and accepted after extended due date.

If the electronic return cannot be accepted for processing electronically because the reason for the rejection cannot be corrected to comply with electronic filing requirements, then the taxpayer must file a paper return. To be considered timely filed, the paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date the Service gives notification that the return was rejected. The paper return should include an explanation of why the paper return is being filed after the due date, and include a copy of the reject notification and brief history of actions taken to correct the electronic return. **NOTE: Corporations, partnerships and Tax Exempt Organizations required to e-file must contact the e-Help Desk (1-866-255-0654) for assistance in correcting rejects before filing a paper return.**

Integrating Data/Elections into Your Return

As stated previously, with the requirement to *e-file*, the challenge will be to integrate all of the supporting data, transactional data, elections, disclosure statements and other items you normally compile to send with your return. These documents can be prepared in a variety of software packages and, with paper filing, you would just attach the document to your return. This section discusses how to handle these attachments in your electronic return. Complete instructions for all forms and potential attachments are contained in Publication 4163 (Modernized e-File Information for Authorized IRS e-file Providers of Forms 1120/1120S) and on [irs.gov](http://www.irs.gov) at <http://www.irs.gov>.

Remember that you need to select a tax preparation software that meets all your corporation's return needs. IRS requires all tax preparation software from Software Developers used for preparing electronic returns to pass the requirements for MeF Assurance Testing (ATS) as briefly explained below:

1. IRS issues publications that have a series of test tax returns and instructions (see the section "Process to Transmit Your Own Return).
2. Software vendors notify IRS that they plan to test and provide a list of forms they plan to include in their tax preparation software.

Note: IRS does not require software vendors to support all forms. They are allowed to develop their tax preparation software based on the needs of their clients. The test returns issued by IRS also do not include all forms or schedules that can be part of an actual return. Please check with your software vendor on the availability of the forms/schedules you need to e-file your return.

3. Software vendors use the test tax returns to create test returns in the specified XML format.
4. The software vendor transmits the XML formatted test tax returns to IRS.
5. An IRS tax examiner checks every data entry field on the return.
 - a. These checks ensure tax calculations on the test return matches the answers provided by IRS on the test returns.
 - b. These checks also ensure the software correctly formats the test tax return data in XML format and the data can be successfully transmitted to, received and the tax return viewed by IRS.
6. When IRS determines the software correctly performs all required functions, that software is approved for electronic filing.
7. After approval from IRS is received, software vendors are allowed to market their tax preparation software to corporations and/or professionals as “approved for electronic filing”.

When taxpayers prepare paper consolidated corporate income tax returns, spreadsheets are commonly used to report the required data for each subsidiary. These spreadsheets are commonly used to report subsidiary data on Form 1120, other attached IRS forms such as Form 4562, and for supporting data (other income statement). These spreadsheets are attached to the consolidated return and mailed to IRS.

MeF requires tax preparation software approved for electronic filing to use IRS forms for reporting data for each subsidiary return. In addition to the parent return, tax preparation software approved for electronic filing should allow taxpayers to create a separate “stacked return” for each subsidiary. Tax preparation software should allow taxpayers to report Eliminations and Adjustments as a separate “stacked return”. Tax preparation software may also allow taxpayers to use spreadsheets for the internal review of the return, but IRS requires all subsidiary data to be formatted, transmitted and viewed by IRS as “stacked returns”.

Taxpayers use tax preparation software to prepare most of their paper corporate income tax 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 supporting data to be included in tax preparation software or attached as scanned PDF files. IRS reviewed all of the forms (and instructions) that may be attached to Form 1120 and/or 1120S and identified every instance where taxpayers are required to attach supporting data. IRS provided structured formats to software developers or provided instructions to enter supporting data as PDF files (in instances where IRS has not defined a format). 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. Taxpayers are encouraged to discuss available options with their software vendor early to determine how to prepare supporting data.

Check Your Return

Checking your *e-file* return involves running diagnostics that are built into the software. In most cases, this just involves following the instructions provided in the software you purchased. IRS provides all the business rules and XML schema requirements for each form and schedule to the software developers to build into their software. For example, a business rule for the Form 1120 is:

If Form 1120, Checkbox A2 “Personal Holding Company” is checked, then Schedule PH (Form 1120) must be attached.

When the return is transmitted to IRS, each of the business rules and XML schema requirements are checked. If there are no errors, the return is accepted. If the return fails any of the business rules or schema requirements, the transmitter receives an acknowledgement with the error description. If you are using a third-party Transmitter, they will call you if they need your input to correct the error.

Transmit Your Return

The IRS requires each electronic return to have both an Electronic Filing Identification Number (EFIN) and an Electronic Transmitter Identification Number (ETIN). The EFIN is IRS’ authorization for an organization/entity to *e-file*. The ETIN is IRS’ authorization for an organization/entity to transmit returns directly to IRS.

You can either use a third-party tax professional or you can transmit your return to the IRS yourself. The following describes each of these options and how the EFIN and ETIN are provided for each option:

Use a third-party tax professional

There are basically three options if you choose to use a third-party tax professional to transmit your return:

1. Using an Online Provider (has an EFIN and ETIN)
2. Using an Electronic Return Originator(ERO)/Transmitter (has an EFIN and ETIN)
3. Using a Transmitter (has an ETIN; you must provide the EFIN)

Transmit your return yourself (you need your own EFIN and ETIN)

The next section provides the steps involved for each of these transmission methods.

Methods to Transmit Your Returns

Using a Third-Party Tax Professional

For any third-party tax professional you choose, ensure that they are Authorized IRS *e-file* Providers. These are companies or individuals who have registered with e-services and have applied and been accepted into the *e-file* program. They are considered “for profit” entities and must have passed suitability and been accepted by IRS to *e-file* individual or business income tax returns. In Section 3, we provided the links to Authorized IRS *e-file* Providers who have passed testing. In their description of the services they provide, they should have indicated whether they are Online Providers, ERO/Transmitters or only Transmitters. You need to check with the vendor to ensure they offer the type of transmission services you want.

Online Providers are Authorized IRS *e-file* Providers who have created software and tested it with IRS. They have both an EFIN and an ETIN. You purchase their software (online, from a distributor or direct from the Online Provider) and complete your return. You then contact the Online Provider when you are ready to *e-file* your return. The Online Provider checks the return using their software diagnostics. Once the return has passed all diagnostics, the Online Provider inserts their EFIN and ETIN in the return’s transmission header (information that IRS needs) and transmits it directly to IRS.

Electronic Return Originators (ERO) and Transmitters are also Authorized IRS *e-file* Providers who check your return to ensure it will pass the software diagnostics and insert their EFIN and ETIN in the return’s transmission header. You purchase the appropriate business tax software, complete your return and provide it to the ERO/Transmitter. They check your return to ensure it is in the correct format, etc. and then transmit your return directly to IRS. Not all EROs are Transmitters, so you need to ensure that your selected company is both an ERO and a Transmitter.

A **Transmitter** is also an Authorized IRS *e-file* Provider who can transmit your return directly to IRS. You may want to check with your selected software vendor, as most have elected to become Transmitters. They have their own ETIN, but you will need to provide your own EFIN if you select this option. You purchase the appropriate business tax software, register with e-services and create your corporation’s *e-file* Application to obtain your own EFIN. You will provide your completed return and your EFIN to your selected Transmitter. Your Transmitter will use their own ETIN to transmit your return to IRS. Instructions on registering with e-services and creating your corporation’s *e-file* Application are shown in Section 5 (Registration and *e-file* Application)

Transmitting your own return(s)

You will need your own EFIN and ETIN if you select this option. You purchase the appropriate business tax software, register with e-services and create your corporation’s

e-file Application to obtain your own EFIN and ETIN. You will need to designate someone in your corporation to be your Internet Transmitter on your *e-file* Application. You will complete your return and provide it to your corporation's designated Internet Transmitter. Before transmitting your official return, they will perform a communications test with IRS to ensure connectivity between your system and that of IRS. Once you have successfully passed this connectivity test, your Internet Transmitter will insert your EFIN and ETIN in the transmission header and transmit your return directly to IRS. Again, instructions on registering with e-services and creating your corporation's *e-file* Application are shown in Section 5 (Registration and *e-file* Application). Section 6 (What's the process to transmit my own return?) has detailed information on performing your communications test and a link to IRS Publications 4162 and 4164 that provide instructions on transmitting your own return.

The following chart provides a quick overview of the transmission options discussed above and whether you will need an EFIN or ETIN to *e-file*:

Transmission Option	Large Taxpayer Needs Their Own EFIN?	Large Taxpayer Needs Their Own ETIN?
Online Provider	NO	NO
Electronic Return Originator (ERO)/Transmitter	NO	NO
Transmitter	YES	NO
Large Taxpayer Transmits Return	YES	YES

Transmission Channels

As you designate the types of forms you will transmit (1120/1120S, 1065-1065-B, 990, etc.), you will need to select the transmission channel you will use. There are currently three transmission channels, but

Internet Filing Application (IFA) is a direct, secure internet connection that requires a person to initiate the transmission session. IRS developed IFA specifically for large returns of over 500 pages, which applies to most Large Taxpayer returns. IFA provides a browser-based interface that allows an individual the ability to easily upload a return and transmit it securely over the internet. A test of IFA by IRS allowed a 50,000 page return to be transmitted to IRS in approximately 15 minutes! The speed at which your return goes over the Internet is, of course, dependent on the speed that is provided through your corporation's Internet Service Provider (ISP) (e.g., dial-up will be slower than a direct service link). Beginning with Tax Year 2006 (Processing Year 2007), IFA supported Federal/State filing.

Application-to-Application (A2A) is a "system-to-system" connection that requires a web services connection to have been established. IRS developed A2A as an option for transmitters sending large volumes of transmissions and want to develop a "lights out" operation (i.e., you don't need a person to be there to do the actual transmission). To use A2A, you must complete a manual enrollment of your system. You will also

need to enable Web Services. A2A was the only transmission option that supported Federal/State filing for Tax Year 2005 (processing year 2006) but as shown above, beginning with Tax Year 2006 (Processing Year 21007), both IFA and A2A support this option. There is also the requirement to perform the communications test with this transmission channel.

As identified in the *e-file* Application procedures in Section 5, you must designate one (or more) of your Responsible Officials/Delegated Users as your **Internet Transmitter** (it is always a good idea to have a back-up person designated).

Prior to transmitting your official return to the IRS, your Internet Transmitter will need to perform a **communications test** (a “handshake” with the IRS) to ensure that you can communicate with the IRS when you are ready to transmit your return. Most software packages (IRS accepted *e-file* software) have communication tests built in so that completing this communications test 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. You will use a test EIN and your assigned EFIN and ETIN along with the test returns provided in your software. Prior to conducting the test, call the IRS’ e-Help Desk (1-866-255-0654). They will monitor your communication and, when you pass, change your ETIN from “test” to “production” status. Refer to Publication 4162 (Modernized e-File Test Package for Forms 1120/1120S), for complete instructions on performing a communications test.

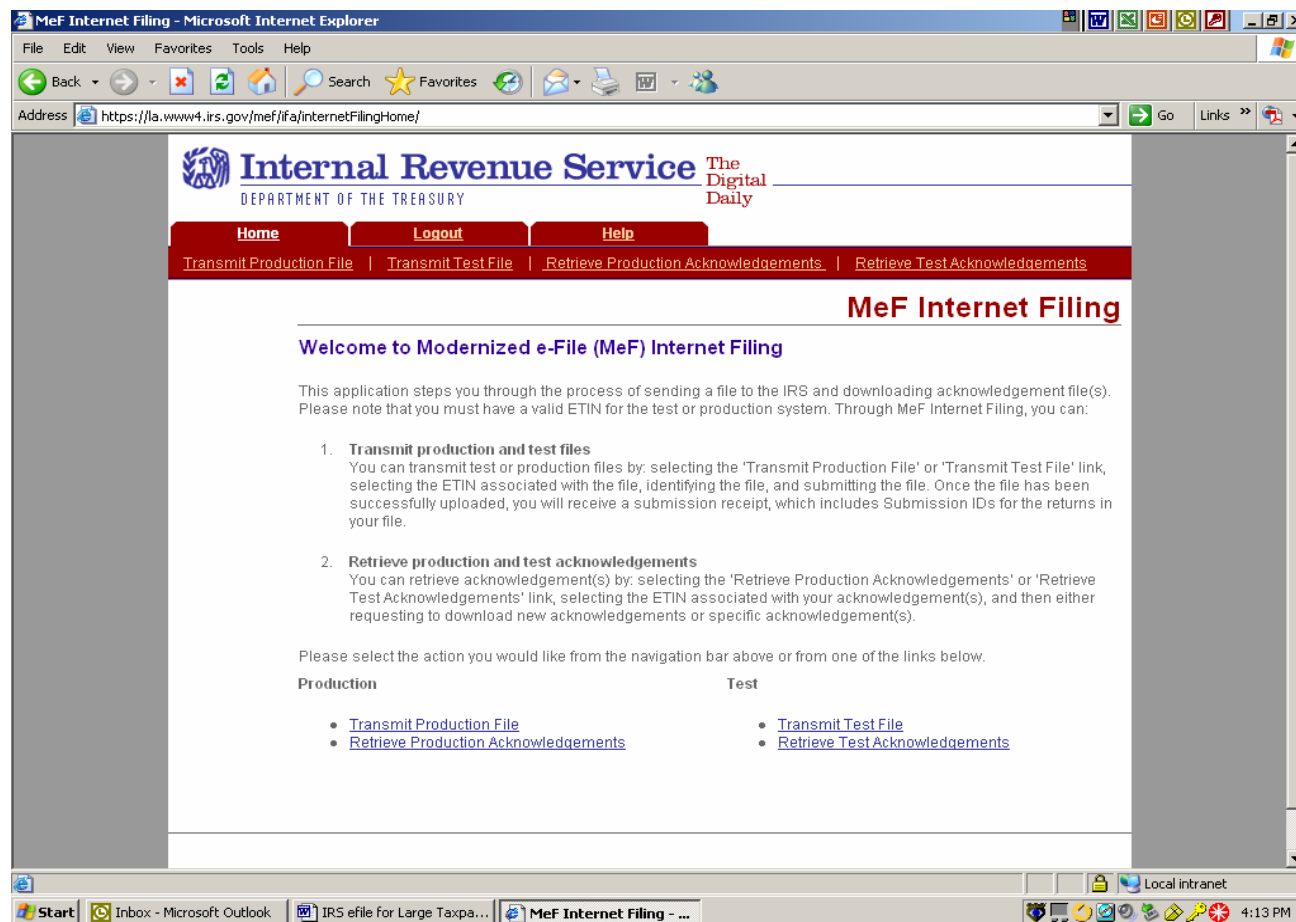
The ETIN provided on your *e-file* Application is tied to the forms that you have indicated you are going to transmit. If you access your *e-file* Application, you can ensure that your ETIN is in a “Test Status” (click on the “ETIN Status” link in your *e-file* Application menu list. The “Status” column on the ETIN table should indicate “Test Status”. **If it is in the “Production Status” mode, the first test return you transmit to IRS will become your official return!** To ensure that it is, access your *e-file* Application and if it says “Production”, you cannot change this yourself – you will need to call the IRS’ e-Help Desk at 1-866-255-0654 and have them change your ETIN status to “Test”. 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 the test publications:

- Publication 4162 (Modernized e-File Test Package for Forms 1120/1120S)
- Publication 4505 (Modernized e-File Test Package for Forms 1065/1065-B)
- Publication 4205 (Modernized e-File Test Package for Exempt Organization Filings)
- Publication 4594 (Modernized e-File Test Package for Forms 2290, 8849 and 720)

These publications can be found on irs.gov at [IRS e-file Technical Publications](http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html) (<http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html>)

The Delegated User will access IFA through the e-services MeF login screen ([MeF Internet Filing](#)) and transmit your return directly to IRS. They will also need to come back in to pick up the acknowledgement after IRS provides it.

The following is the screen your Internet Transmitter will see when they log in to conduct the communications test, as well as when your return is ready to be transmitted “in production” (official submission of your return to the IRS):



When an IFA transmission is complete, a GTX key is generated immediately indicating the transmission to IRS was successful. **It is very important to print or capture the screen shot that contains your GTX key.** 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. (Remember, if you use a third party to transmit your 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.)

MeF requires tax preparation software to create a “Hash” or “**Check Sum**” which counts each byte of electronic tax return data and includes this total in the transmission file sent to IRS. When IRS receives the transmission file, one of the first steps of processing the electronic return is to count the bytes received. The Acknowledgment File will contain the incoming hash (Embedded CRC32) and the IRS computed hash (Computed CRC32) along with the Taxable Income amount and the Total Tax amount.

Just as with IFA, 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.

Transitioning From Paper to Electronic Filing

The information included in this section will help EROs understand and plan for the differences of preparing a paper return versus an electronic return/extension.

IRS requires all tax return data (forms, supporting data, and elections) to be transmitted to IRS in one transmission file. If EROs uses multiple tax preparation software packages to prepare a tax return, they should check with the software vendor(s) to determine how merge the various portions of the tax return into the defined electronic format and transmit to IRS in one transmission file.

IRS defined a rigid structure that must be used to create electronic income tax returns. This structure is necessary and critical to ensure tax preparation software can create an electronic return which can be transmitted to and viewed by IRS systems. IRS issues the required structure for all forms in XML schemas. IRS develops the XML schemas and makes them available to software vendors who are required to use them to develop tax preparation software marketed for electronic filing. Additional information on the processes used by IRS and software vendors to develop and test tax preparation software approved for electronic filing is available on <http://www.irs.gov/>

Preparing Supporting Data Required by IRS Forms or Form Instructions

IRS defined a rigid structure that must be used to create most supporting data. This structure is necessary and critical to ensure tax preparation software can create supporting data that can be transmitted to and viewed by IRS systems. IRS reviewed all of the forms and form instructions and identified every instance where taxpayers are required to attach supporting data. IRS provided XML schemas that defined a format that must be used to report the supporting data. In certain instances, IRS allows

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 “description of property” and “depreciation method” as indicated by tax preparation software instructions.

<p>Form 4562</p> <p>Department of the Treasury Internal Revenue Service</p>	<p>Depreciation and Amortization (Including Information on Listed Property)</p> <p>▶ See separate instructions. ▶ Attach to your tax return.</p>	<p>OMB No. 1545-0172</p> <p>2004</p> <p>Attachment Sequence No. 67</p>									
Name(s) shown on return	Business or activity to which this form relates	Identifying number									
<p>Part I Election To Expense Certain Property Under Section 179 <i>Note: If you have any listed property, complete Part V before you complete Part I.</i></p>											
<p>Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)</td> <td style="width: 5%; text-align: center;">14</td> <td style="width: 15%;"></td> </tr> <tr> <td>15 Property subject to section 168(f)(1) election (see page 4 of the instructions)</td> <td style="text-align: center;">15</td> <td></td> </tr> <tr> <td>16 Other depreciation (including ACR8) (see page 4 of the instructions)</td> <td style="text-align: center;">16</td> <td></td> </tr> </table>			14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14		15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15		16 Other depreciation (including ACR8) (see page 4 of the instructions)	16	
14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14										
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15										
16 Other depreciation (including ACR8) (see page 4 of the instructions)	16										
<p>Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)</p> <p style="text-align: center;">Section A</p>											

Page 4, Form 4562 Instructions for line 15 states:

Attach a separate sheet showing:

- A description of the property and the depreciation method you elect that excludes the property from MACRS or the Accelerated Cost Recovery System (ACRS) and

Example 3 – Supporting data required as another IRS form.

In the following example, form instructions require the taxpayer to attach another IRS form or statement as supporting data. Line 2(a) and 2(b) require supporting data to be provided using an IRS form; failure to use the required IRS form will cause electronic return to reject. Line 2(c) requires supporting data to be provided using an attached statement; taxpayers should always provide the supporting data.

<p>Form 6198</p> <p>Department of the Treasury Internal Revenue Service</p> <p>Name(s) shown on return</p>	<p>At-Risk Limitations</p> <p>▶ Attach to your tax return. ▶ See separate instructions.</p>	<p>OMB No. 1545-0712</p> <p>2004</p> <p>Attachment Sequence No. 31</p>
Description of activity (see page 2 of the instructions)		Identifying number
Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts (see page 2 of the instructions).		
1 Ordinary income (loss) from the activity (see page 2 of the instructions)	1	
2 Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you are reporting on:		
a Schedule D	2a	
b Form 4797	2b	
c Other form or schedule	2c	

Lines 2a, 2b, and 2c

Gain (Loss)

Combine long- and short-term capital gains and losses and ordinary gains and losses from the sale or other disposition of assets used in the activity or of your interest in the activity. Enter gains and losses without regard to the at-risk limitations, the limitation on capital losses, or the passive activity loss limitations. If more than one item is included on a line, attach a statement describing each item.

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.

Form 4562 <small>Department of the Treasury Internal Revenue Service</small>		Depreciation and Amortization (Including Information on Listed Property) <small>See separate instructions. Attach to your tax return.</small>		<small>OMB No. 1545-0047</small> 2004 <small>Attachment Sequence No. 87</small>	
<small>Name(s) shown on return</small>		<small>Business or activity to which this form relates</small>		<small>Identifying number</small>	
Part I Election To Expense Certain Property Under Section 179 <small>Note: If you have any listed property, complete Part I before you complete Part II.</small>					
1	Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1			\$102,000
2	Total cost of section 179 property placed in service (see page 3 of the instructions)	2			
3	Threshold cost of section 179 property before reduction in limitation	3			\$410,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4			
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 3 of the instructions.	5			
		<small>(a) Description of property</small>		<small>(b) Cost (business use only)</small>	
		<small>(c) Elected cost</small>			
6					
7	Listed property. Enter the amount from line 29	7			
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8			
9	Tentative deduction. Enter the smaller of line 5 or line 8	9			

Taxpayer data exceeds the number of lines provided on IRS forms

Creating Elections Required by Forms or Form Instructions

IRS reviewed all forms and form instructions to identify where taxpayers are required to attach supporting data and many of these requirements are elections. When the election is required by IRS forms or form instructions, IRS provided specific XML formats for each election that must be used by software vendors for developing tax preparation software approved for electronic filing. Providers must use the defined format to enter data for these elections. The examples below are samples of elections required by form instructions.

Form 1120 Instructions	Dual Consolidated Losses Statement
Form 8697 Instructions	De Minimis Exception Election
Form 4562 Instructions	Election Not to Claim Special Depreciation Allowance

Creating Elections/Disclosure Statements Required by Regulations or Publications

MeF requires all disclosure statements and elections to be included in tax preparation software and transmitted to the IRS in one transmission file.

IRS did not review all Regulations and Publications to identify instances where corporations can make elections. Instead, IRS created a General Dependency schema that must be used to report most elections required by Regulations or Publications. IRS issued a defined format for the General Dependency schema and made it available to software developers to use when developing tax preparation software approved for electronic filing. EROs must use the General Dependency schema to report most disclosure statements and elections required by Regulations or IRS Publications. Tax preparation software approved for elections filing should provide instructions for taxpayers to complete the General Dependency schema. The General Dependency schema allows EROs to identify the disclosure statement/election using the following data elements:

1. Form Line or Instructions Reference (optional) - This field should be completed when the election is being made based on information on IRS forms or form instructions and IRS has not defined a format. Note: As discussed above, in most instances IRS has defined a format for these elections.
2. Regulation Reference (optional) - This field should be used to identify information for elections made based on information contained in Regulations or Publications.
3. Description (optional) - This field should be used to enter a brief explanation of the election
4. Attachment Information (optional) - This field allows EROs to include stream data, up to 1,000,000 characters if the ERO chooses not to attach information in a PDF format i.e. Plans of Merger, Plans of Reorganization etc. EROs should

use the Description field to make the election and tax preparation software will allow the ERO to reference the PDF attachment information.

Note: IRS will allow all elections with “columnar data” to be attached in PDF format.

Below are examples EROs of how to create elections and/or disclosure statements using formats defined tax preparation software.

Example 1 – Creating Elections That Do Not Contain Columnar Data

Election data that does not contain columnar data must be reported using the General Dependency schema included in tax preparation software.

Regulation Reference	Description
IRC Section 172(b) (3)	Election to Forego Net Operating Loss Carryback

Pursuant to IRC Sec. 172(b) (3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss(es) incurred in this tax year ended

Example 2 – Creating Elections that Apply to Multiple Subsidiaries

Election data that applies to multiple subsidiaries and do not contain columnar data must be reported using the General Dependency schema included in tax preparation software.

Regulation Reference	Description
IRC Section 172(b) (3)	Election to Forego Net Operating Loss Carryback

Pursuant to IRC Sec. 172(b)(3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss(es) incurred in this tax year ended for the following subsidiaries

ABC Corporation
CDE Corporation
EFG Corporation

Example 3 – Creating Elections that Contain Columnar Data

Elections that require columnar data may be attached to the electronic return in PDF format. Separate PDF files must be created for each election. Use the Regulation to create the name of the PDF file.

IRS Section 195(b) Election to Amortize Start-Up Expenditures

Taxpayer Name: ABC Corporation
Taxpayer ID Number: 10-0000002
Year-end: December 31, 2005

In accordance with IRC Sec. 195, taxpayer hereby elects to amortize all start-up expenditures over a period of XX months beginning with July XX, 200X, the month that the corporation's active trade or business began (or was acquired).

The trade or business of the taxpayer to which this election relates is XXXXXX

The start-up expense incurred is:

Description of Start-Up Expense	Date	Incurred Amount
---------------------------------	------	-----------------

Preparing Elections That Require Supporting Data

Some disclosure statements and/or elections require supporting data which cannot be entered into the General Dependency schema (i.e. Plans of Merger, Plans of Reorganization, meeting notes, etc). IRS allows this type of supporting data to be attached to the General Dependency schema as a PDF file. The actual disclosure statement and/or election must be entered into the required format and only the supporting data may be submitted as a PDF file.

Note: IRS Counsel is currently reviewing Regulations to determine if the requirements to submit supporting data such as Plans of Merger can be modified. IRS Counsel will not change the requirement to gather the information but may modify the Regulations and allow corporations to retain the data instead of attaching to the tax return and sending to IRS. IRS is expected to publish the results to this review on <http://www.irs.gov/> under *e-file* for Large and Mid-Size Businesses in early 2006.

General Information

- If the MeF system is receiving a higher than expected volume of submissions during the March and September peak periods for 1120 and 1120S, testing may be temporarily unavailable until the volume returns to normal levels.
- Please note that the Modernized e-File (MeF) Assurance Testing System (ATS) is not configured exactly the same as the MeF Production system. Therefore, a tester should not expect the same response time when testing in the ATS environment versus the Production environment (especially regarding performance or load testing -- this includes testing a single extremely large return in one transmission, several large returns in one transmission, or a large number of concurrent transmissions.
- As a new tax form type is added to the MeF platform (i.e. Form 1065), tax returns will only be accepted for the current processing year (i.e. TY 2006). As subsequent tax years are added to the system, MeF will only accept the current processing year and two prior tax years. For example, Form(s) 1120/1120S can only be *e-filed* for TY 2006, TY 2005 and TY 2004.

- MeF plans to discontinue using EMS as a transmission channel beginning in January 2008. This impacts only MeF transmissions. Beginning in January 2008, please use either the IFA or A2A channels to transmit.

Transmitter Requirements

A Provider participating in MeF as a Transmitter must fulfill the requirements below.

- Transmit all electronic portions of returns to the appropriate IRS center within three calendar days of receipt;
- Retrieve the acknowledgement file within two work days of transmission;
- Match the acknowledgement file to the original transmission file and send the acknowledgement file for all rejected and accepted returns, to the ERO or Intermediate Service Provider within two work days of retrieving the acknowledgement file;
- Retain an acknowledgement file received from the IRS until the end of the calendar year in which the electronic return was filed;
- Immediately contact the IRS e-Help Desk toll-free number 1-866-255-0654 for further instructions if an acknowledgement of acceptance for processing has not been received within 24 hours of transmission or if an acknowledgement for a return that was not transmitted in the designated transmission is received;
- Promptly correct any transmission error that causes an electronic transmission to be rejected;
- Contact the IRS e-Help Desk toll-free number 1-866-255-0654 for assistance if the electronic portion of the return has been rejected after three transmission attempts;
- Ensure the security of all transmitted data;
- Ensure against the unauthorized use of its EFIN or ETIN. A Transmitter must not transfer its EFIN or ETIN by sale, merger, loan, gift, or otherwise to another entity; and
- Use only software that does not have an IRS assigned production password built into the software.

Additional Transmitters Responsibilities for Online Providers

Online Filing is a method of electronic filing through a personal computer. The corporation submits the electronic return from a personal computer to an authorized Online Provider. An Intermediate Service Provider may be involved to assist in processing tax return information between the corporation and the Online Provider.

Publication 4164 outlines requirements for all transmitters in the IRS *e-file* program. In addition to those requirements, a Transmitter participating in Online Filing has some additional responsibilities. When participating in Online Filing, the Online Provider must:

- Ensure that it uses an EFIN or ETIN obtained for Online Filing;
- Ensure that Intermediate Service Provider's EFIN is included in the electronic return data, when applicable;
- Transmit Online returns and returns filed using an ERO in separate batches.
- Notify the corporation (taxpayer) of the status of a return by:
 - sending an electronic transmission to the taxpayer or Intermediate Service Provider, when applicable, within two work days of retrieving the acknowledgement file from the IRS, or;
 - by mailing a written notification to the taxpayer within one work day of retrieving the acknowledgement file;
- Provide the Internet Protocol (IP) information. The information consists of the IP Address, IP Date, IP Time and IP Time Zone.
- Only enter into agreements with companies to allow access to Online Filing if the company correctly captures the IP Address of the computer submitting the return and the date, time, time zone of the computer receiving it.
- Include the Originator Type, "Online Filer", in the Return Header.
- The Transmitter must notify the corporation of the following:

Accepted Returns

- Date the transmission was accepted

Rejected Returns

- That the IRS rejected the electronic portion of the taxpayer's return;
- Date the return was rejected;
- The Business Rule explaining why the return was resulting in the Reject condition;
- What steps the taxpayer needs to take to correct the errors that caused the reject; and

- That if the taxpayer chooses not to have the electronic portion of the return corrected and transmitted to the IRS, or, if the electronic portion of the return cannot be accepted for processing by the IRS, the taxpayer must file a paper return. In order to be filed timely, the paper return must be filed by the later of the due date of the return or 10 calendar days after the date the IRS gives notification that the electronic portion of the return is rejected or that it cannot be accepted for processing. The paper return should include an explanation of why the return is being filed after the due date.

Note: If taxpayer is required to e-file their return under Treasury Regulation Section 301.6011-5T, contact the e-Help Desk before filing the paper return.

Electronic Postmark

A Transmitter may provide an electronic postmark to taxpayers that file Tax Returns and Extensions of Time to File Tax Returns, through an ERO or through Online Filing. The Transmitter creates the electronic postmark bearing the date and time (in the Transmitter's time zone) that the return is received at the Transmitter's host computer. The taxpayer must adjust the electronic postmark to the time zone where the ERO is located or where the taxpayer resides in the case of Online Filing to determine the postmark's actual time. For example, if the Transmitter provides an electronic postmark with a time in the Pacific Time Zone but the taxpayer resides in the Eastern Time Zone, the taxpayer must add three hours to the postmark time to determine the actual postmark time (Eastern Time Zone).

If the electronic postmark is on or before the prescribed deadline for filing but the return is received by the IRS after the prescribed deadline for filing, the return will be treated as filed on the electronic postmark's date. In order for a return to be treated as filed on the electronic postmark's date, all requirements for signing the return and completing a paper declaration must be met. If the electronic postmark is after the prescribed deadline for filing, the IRS actual receipt date, not the date of the electronic postmark will be the filing date. If a return is rejected, a corrected return must be filed in accordance with the rules for timely filing corrected returns after rejection of an electronic return.

A Transmitter is authorized to provide an electronic postmark if the Transmitter:

- Creates an electronic postmark bearing the date and time (in the Transmitter's time zone) the return was received by the Transmitter's host system;
- Provides the electronic postmark to the taxpayer or the ERO no later than when the acknowledgement is made available to the taxpayer in a format that precludes alteration and manipulation of the electronic postmark information;
- Provides the same electronic postmark data to the IRS in the electronic record of the return;

- Provides taxpayers with an explanation of the electronic postmark and when the IRS treats the electronic postmark as the filing date;
- Refrains from using terms that currently have specific meaning in the postal industry such as “certified” or “registered” and similar terms, and from using “Internal Revenue Service”, “IRS” or “Federal” as a definer of the electronic postmark when discussing the electronic postmark, including in all advertising, product packaging, articles, press releases, and other presentations;
- Retains a record of each electronic postmark until the end of the calendar year and provides the record to the IRS upon request;
- Transmits all tax returns and extensions of time to file that received an electronic postmark to the IRS within two days of receipt from the ERO or from the taxpayer in the case of Online Filing; and

Routine Maintenance

There is a routine maintenance window generally scheduled from 1am to 7am, ET on Sundays that may result in intermittent down time for transmitters. Work scheduled during this window will not be communicated to the software developers. When able, the Electronic Tax Administration Division will communicate unscheduled down time to the software developers via email.

In addition to Electronic Return Originators and Transmitters previously discussed, there are other activities performed by Authorized IRS *e-file* Providers, including Intermediate Service Providers and Software Developers.

Intermediate Service Providers (ISPs)

An ISP generally receives tax information from an ERO (or from a taxpayer who files electronically using a personal computer, modem, and commercial tax preparation software), processes the tax return information, and either forwards the information to a Transmitter or sends the information back to the ERO or to the taxpayer (for Online Provider filing).

An Authorized IRS *e-file* Provider participating as an ISP must meet the following responsibilities to participate in IRS *e-file*. The ISP must:

- Deliver all electronic returns to a Transmitter or the ERO who gave the electronic returns to the Intermediate Service Provider within three calendar days of receipt;
- Retrieve the acknowledgement file from the Transmitter within one calendar day of receipt by the Transmitter and send the acknowledgement file to the ERO (whether related or not) within one work day of retrieving it;

- Retain each acknowledgement file received from a Transmitter until the end of the calendar year in which the electronic return was filed;
- Send any return and jurat needs changes as described in Part IV back to the ERO for correction.

Software Developers

A Software Developer develops software for the purposes of formatting electronic return information according to IRS *e-file* specifications and/or transmitting electronic return information directly to the IRS. IRS *e-file* specifications may be found in Publication 4164 (Modernized e-File Guide for Software Developers and Transmitters). Software Developers must pass Assurance Testing as prescribed in Publication 4162 (Modernized e-File Test Package for Forms 1120/1120S/1120-F/7004), Publication 4505 (Modernized e-File Test Package for Forms 1065/1065-B), Publication 4205 (Modernized e-File Test Package for Exempt Organization Filings) and Publication 4594 (Modernized e-File Test Package for Forms 2290, 8849 and 720).

A Software Developer must:

- Promptly correct any software error which causes the electronic portion of a return to be rejected and then promptly distribute that correction;
- Ensure that any software package that will be used to transmit electronic portions of returns from multiple Authorized IRS *e-file* Providers has the capability of combining returns from these Providers into one IRS transmission file.
- Ensure that an IRS assigned production password is not incorporated into its software;
- Provide a copy of the software and accompanying documentation (a demonstration package is sufficient) to the IRS, if requested, upon successful completion of the communication testing;
- Ensure that its software contains appropriate language and version indicators for Consent To Disclose and Jurat statements;
- Ensure software contains IRS *e-file* Signature Authorization; and
- Ensure its software allows for input of different addresses on appropriate forms and schedules.

In addition a Software Developer that participates in Online Filing must also:

- Ensure that it's software contains Form 8453-C, 8453-S, 8453-EO, 8453-PE, 8453-B in a format that can be printed

Ensure the Internet Protocol (IP) statement is present.

Checksum

Tax prep software approved for electronic filing will compute a checksum value and embed the total in the submission file sent to IRS. The MeF system will also compute a checksum value of the submission file. The MeF system will add the following 4 new XML elements in the submission acknowledgement, regardless whether the submission is accepted or rejected:

1. **<EmbeddedCRC32>**
2. **<ComputedCRC32>**
3. **<TaxableIncome>**
4. **<TotalTax>**

The taxpayer/ERO should check the data in the **<EmbeddedCRC32>** element and the **<ComputedCRC32>** element to ensure that the size of the file transmitted to the IRS is the same size as the file computed by the IRS. If there is a discrepancy between the two values, it is the responsibility of the ERO to contact the transmitter to see if the file was changed before transmission

MeF Fed/State Program

In partnership with the states, the MeF Fed/State Program was developed to allow transmitters to send in state returns along with their federal returns. They can also send in state returns separately (without a federal return).

MeF implemented the Forms 990 and 1120 Fed/State Programs in January 2006 and the 1065/1065-B in January 2007. Currently, the 37 states participating in the MeF Fed/State program are:

Alabama	Delaware	Illinois	Louisiana	Montana	North Carolina	Pennsylvania	Virginia
Arizona	District of Columbia	Indiana	Maryland	Nebraska	North Dakota	Rhode Island	West Virginia
Arkansas	Georgia	Iowa	Michigan	New Jersey	Ohio	South Carolina	Wisconsin
Colorado	Hawaii	Kansas	Mississippi	New Mexico	Oklahoma	Utah	
Connecticut	Idaho	Kentucky	Missouri	New York	Oregon	Vermont	

Transmitters sending in both federal and state returns can use either MeF Internet Filing Application (IFA) or Application-to-Application (A2A) transmission channels.

The States retrieve their state returns via MeF and transmitters can retrieve an acknowledgement that the state has the return. MeF will accept two kinds of submissions (1) federal submissions and (2) state submissions. Each return/extension must be enclosed in a separate submission, but multiple submissions may be contained in a single message. The federal and state submissions do not have to be transmitted to MeF together. A state submission can be linked to the federal submission by including the Submission ID of the federal return in the state manifest. If the state submission is linked to a federal submission (also referred to as a Fed/State return), the IRS will check to see if there is an accepted federal submission under that Submission ID. If there is not an accepted federal return, the IRS will deny the state submission and an acknowledgement will be sent. (NOTE: It is best if you are going to link a state submission to an federal submission to send in the federal submission first and, after it has been accepted, send in the state submission.) If there is an accepted return under that Submission ID, then MeF will do minimal validation on the state submission. This validation includes that the state indicated in the state manifest is a participating state in the applicable 990, 1065 or 1120 Fed/State Program. MeF will then pass along to the state what the ERO/Transmitter sends in the State submission. If the ERO/Transmitter does not link the state return to a previously-accepted federal return (also referred to as State Standalone return), then MeF will perform minimal validation as stated above that will include that the state allows State Standalone returns. MeF will then pass along to the state the entire state submission that was sent in by the ERO/taxpayer. Note: The state return is made up of a state and a federal portion. The taxpayer provides both components based on what is required by the state. The IRS passes to the state just the information that has been provided by the taxpayer.

In addition, for Forms 990/990-EZ/990-PF, as part of the federal return, a filer can request that a copy of the federal return be provided to one or more participating states. Upon receipt of the request, IRS will validate that the state(s) is participating in the Fed/State program. If it is, then IRS will send a redacted copy of the return to the state agency(s). Items that are always redacted from the state copy include, but are not limited to, the PIN or Form 8453-EO, the request for the copy and any payment information included with Form 990-PF. In addition, depending on the state, the IRS may also redact the Schedule B if the state does not require it. MeF will process the IRS submission and will generate an acknowledgement for every IRS submission and copy of IRS Forms 990/990-EZ/990-PF forwarded to a state. Each state is responsible for validating their state submissions and will be responsible for generating a state acknowledgement for each state submission which will be returned to the IRS for retrieval by the transmitter.

Both federal and state returns must be in approved XML format. The federal returns must conform to the IRS valid schema versions. State returns must conform to the corporate State Master Schema and include those elements defined for the specific state data. You can access the corporate State Master Schema on irs.gov at: <http://www.irs.gov/efile/article/0,,id=140378,00.html>. For more information, contact the State *e-file* Coordinator (a current list of State Coordinators is available on irs.gov at <http://www.irs.gov/efile/article/0,,id=97558,00.html>). Questions and answers on the Fed/State Program can be found on irs.gov at <http://www.irs.gov/taxpros/providers/article/0,,id=101157,00.html>

Part IV

MeF Information for Specific Forms

FORM 7004 (APPLICATION FOR AUTOMATIC 6-MONTH EXTENSION OF TIME TO FILE CERTAIN BUSINESS INCOME TAX, INFORMATION, AND OTHER RETURNS)

All the returns shown on Form 7004 are eligible for an automatic six-month extension of time to file from the due date of the return. See the revised form 7004 instructions for exceptions pertaining to foreign corporations with no office or place of business in the United States and for foreign and certain domestic corporations and for certain partnerships.

Generally, Form 7004 must be filed on or before the due date of the applicable tax return. The due dates of the returns can be found in the instructions for the applicable return; as well as the Due Date Chart for Form 7004 as referenced in this Publication.

The Form 7004 does not extend the time for payment of tax. Refer to the Form 7004 Instructions for additional information on payment of tax and balance due.

For TY 2007, **Form 7004** cannot be *e-filed* for:

- Name change applications
- Reasonable cause for failing to pay timely
- Reasonable cause for failing to file application timely
- Requests for refunds
- Election to make installment payments for a portion of balance due amount
- Applications requesting extension due to change in accounting period unless prior approval has been applied for from IRS or certain conditions have been met. See Publication 538 (Accounting Periods and Methods) for further details.
- Applications with Net Operating Loss Carryback. Form 1138 should be sent separately and not with the 7004.
- Applications attaching a Power of Attorney (POA). The POA should be sent separately and not with the 7004.
- Early filed returns (filed before end of tax period)
- Any condition or requirement, not supported by software, that requires the submission of a paper document or form. Note: this does not apply to corporations or tax exempt organizations required to *e-file* under Temporary Treasury Regulation Section 301.6011-5T.
- Filing short period extension due to termination of 1120S status
- Extensions for the following forms:
 - Form 706-GS(D) (Generation-Skipping Transfer Tax Return for Distributions)
 - Form 8612 (Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts)
 - Form 8613 (Return of Excise Tax on Undistributed Income of Regulated Investment Companies)
 - Form 8725 (Excise Tax on Greenmail)
 - Form 8831 (Excise Taxes on Excess Inclusions of REMIC Residual Interests)

- Form 8876 (Excise Tax on Structured Settlement Factoring Transactions)
- Filing short period extension due to termination of 1120S status

TY 2007 DUE DATES FOR FORM 7004

The return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>

TY 2006 DUE DATES FOR FORM 7004

The return due date and extended due date tables for TY 2006 for Form 7004 can be found on irs.gov at: http://www.irs.gov/pub/irs-schema/ty_2006_due_dates_for_form_7004.pdf

CORPORATIONS (FORMS 1120, 1120-F, 1120S)

For TY2007, Form 1120/1120S/1120-F cannot be *e-filed* for:

- Returns with pre-computed penalty and interest. Note: Corporations required to *e-file* under Temporary Treasury Regulation Section 301.6011-5T are still required to file electronically. In order to comply with the mandatory *e-file* regulations, corporations must send the explanation of pre-computed penalty and interest as a separate letter to Internal Revenue Service, ARKA Monterrey Park, 1973 N. Rulon White Blvd., Mail Stop 6552 (ARKA) - Attn: AM Clerical, Ogden, Utah 84404
- Requests for overpayments to be applied to another account. Note: Corporations required to *e-file* under Temporary Treasury Regulation Section 301.6011-5T are still required to file electronically. In order to comply with the mandatory *e-file* regulations, corporations must send the request to apply overpayments as a separate letter to Internal Revenue Service, ARKA Monterrey Park, 1973 N. Rulon White Blvd., Mail Stop 6552 (ARKA) - Attn: AM Clerical, Ogden, Utah 84404.
- Returns with tax periods ending prior to December 2005
- Returns covering multiple tax periods
- Bank Holding Company Tax Act. Election to make installment payments for a portion of the total tax attributable to the Bank Holding Company Tax Act.
- Prompt Assessments
- Returns with reasonable cause as related to failing to pay and/or file timely.

Note: Corporations or partnerships who meet the Temporary Treasury Regulation Section 301.6011-5T criteria are still required to *e-file* their TY2007 return. They must send an explanation of reasonable cause as a separate letter to:

Internal Revenue Service
ARKA Monterrey Park
1973 N. Rulon White Boulevard
Mail Stop 6552 (ARKA)
Attention: AM Clerical Unit
Ogden, Utah 84404

These procedures do not apply to Form 2220 (Underpayment of Estimated Tax by Corporations) which should be filed as part of the electronic return.

- Returns with pre-computed penalty and interest. Note: Corporations or partnerships who meet the Temporary Treasury Regulation Section 301.6011-5T criteria are still required to *e-file* their TY2007 return. They must send the explanation of pre-computed penalty and interest in a separate letter to;

Internal Revenue Service
ARKA Monterrey Park
1973 N. Rulon White Boulevard
Mail Stop 6552 (ARKA)
Attention: AM Clerical Unit
Ogden, Utah 84404.

- Requests for overpayments to be applied to another account.
Note: Corporations or partnerships who meet the Temporary Treasury Regulation Section 301.6011-5T are still required to *e-file* their TY2007 return. They must send the request to apply overpayments in a separate letter to:

Internal Revenue Service
ARKA Monterrey Park
1973 N. Rulon White Boulevard
Mail Stop 6552 (ARKA)
Attention: AM Clerical Unit
Ogden, Utah 84404.

The following 1120 family of forms cannot be filed electronically as a return at the parent level:

FORM	TITLE
1120-C (formerly 990-C)	Farmer's Cooperative Association
1120-H	Homeowners Association
1120-FSC	Foreign Sales Corporations
1120-L *	Life Insurance Company
1120-RIC	Regulated Investment Companies
1120-REIT	Real Estate Investment Trust
1120-PC*	Property and Casualty
1120-SF	Settlement Funds
1120-ND	Nuclear Decommission Trusts
1120-IC-DISC	Interest Charge Domestic International Sales
1120X**	Amended Return

*Corporations required to e-file who have 1120-L or 1120-PC subsidiary returns should refer to "Tax Year 2007 Directions to e-file"
<http://www.irs.gov/businesses/corporations/article/0,,id=147101,00.html> for additional information

**The 1120X cannot be filed as a stand alone return. It can only be submitted as an attachment to an 1120 return

Special Instructions for Form 1120, Line 32f (Credits)

If a taxpayer has a large credit that is not associated with a line number on Form 1120 and the Form 1120 instructions do not provide procedures for "writing in" the credit anywhere on the return; the credit type and amount should be provided using the "Other Refundable Credit" indicator element in the XML schema. (i.e. Form 1120, Section 33 credits that need to be included as part of TotalPayments (currently Line 32h) The large credit amount should then be included in the total on line 32h.

Additionally, if a taxpayer has one or more large credits, the "Other Refundable Credits Schedule" schema should be used to itemize the types of credits and credit amounts, and to provide a sum of the credit amounts itemized. The Regulation reference should also be included. The Other Refundable Credits Schedule should be attached to line 32f. The sum of the itemized large credits should be included in the total on line 32h.

Special Instructions for Form 8838 When Filed With Form 1120

The signature on Form 1120 extends to all accompanying statements and schedules with the exception of Form 8838, *Consent to Extend the Time to Assess Tax Under Section 367 – Gain Recognition Agreement*. A signed copy of Form 8838 may be submitted as PDF file attached to the electronic Form 1120/1120S.

1120 FAMILY RETURN DUE DATES

TY 2007 FORMS 1120/1120S/1120-F

The return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>

TY 2006 AND 2005 FORMS 1120/1120S/1120-F

The return due date and extended due date tables for TY 2006 and 2005 for the 1120, 1120S and 1120-POL can be found on irs.gov at: **XXX**

1120 FAMILY MeF ACCEPTED FORMS AND SCHEDULES

TY 2007 FORMS 1120/1120S/1120-F

The list of TY 2007 Forms and Schedules for all MeF forms can be found on irs.gov at : <http://www.irs.gov/efile/article/0,,id=176123,00.html>

TYs 2006 AND 2005 FORMS 1120/1120S/1120-POL

The list of TY 2006 ad 2005 Forms and Schedules for the 1120/1120S can be found on the Current Users Guide and Publications on irs.gov at: http://www.irs.gov/pub/irs-schema/ty_2006_and_2005_mef_forms_and_schedules.pdf

FORMS 1065 and 1065-B

For TY2007, Form 1065/1065-B cannot be *e-filed* for:

- Returns with tax periods ending in December 2005 and prior
- Returns granted approved waivers from electronic filing.
- Common Trust Fund Returns
- Returns with name changes (TY 2006 only)
- Returns with address changes (TY 2006 only)

1065 RETURN DUE DATES

TY 2007 FORMS 1065/1065-B

The return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>

TY 2006 AND 2005 FORMS 1120/1120S/1120-F

The return due date and extended due date tables for TY 2006 and 2005 for the 1120, 1120S and 1120-POL can be found on irs.gov at: **XXX**

1065/1065-B MeF ACCEPTED FORMS AND SCHEDULES

TY 2007 FORMS 1065/1065-B

The list of TY 2007 Forms and Schedules for all MeF forms can be found on irs.gov at : <http://www.irs.gov/efile/article/0,,id=176123,00.html>

TYs 2006 FORMS 1065/1065-B

The list of TY 2006 Forms and Schedules for the 1065/1065-B can be found on the Current Users Guide and Publications on irs.gov at: **ZZZ**

FORMS 990, 990-EZ, 990-PF, 990-N, 1120-POL AND 8868

For TY2007, Forms 990 & 990-EZ cannot be *e-filed* for:

- Name change returns
- Returns from organizations not recognized as exempt (application pending, etc.)
- Returns showing a change in accounting period
- Short period returns (except for short period final returns)
- Early filed returns (filed before end of tax year except for final returns)
- Returns with tax periods ending prior to December 2004

For TY2007, Form 990-PF cannot be *e-filed* for:

- Returns from organizations not recognized as exempt (application for exemption pending, etc.)
- Returns with tax periods ending prior to December 2004
- Foreign private foundations
- Name change returns
- "Limited" 990-PFs, i.e., "Limited" 990-PFs are filed by organizations that originally received advance rulings as public charities but were later determined to be private foundations
- 507(b)(1)(A) terminations
- Foundations in 60-month terminations

For TY2007, Form 990-N (*e-Postcard*) cannot be *e-filed* for:

- Returns with tax periods prior to December 2007
- Returns from organizations not recognized as exempt (application for exemption pending, etc.)
- Returns with attachments
- Organizations required to file Form 990, Form 990-EZ, Form 990-PF or Form 1120-POL.
- Organizations who are included in a group return
- Section 509(a)(3) supporting organizations required to file form 990 or form 990-EZ (Note: This filing requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches.)

For TY2007, Form 1120-POL cannot be *e-filed* for:

- Short period returns (except for short period final returns)
- Name change returns
- Returns with tax periods ending prior to December 2004
- Returns with non-numbered attachments/schedules (unless allowed for an attached form shared with Forms 1120/1120S) for which an IRS format has not been developed

For TY2007, Form 8868 cannot be *e-filed* for:

- Extensions from organizations not recognized as exempt (application pending, etc.)
- Extensions other than the automatic extension (Part I)
- Extensions for short period returns
- Extensions for the following forms:
 - Form 990-BL
 - Form 6069
 - Form 8870
- Extensions for group returns
- Extensions for composite Forms 990-T
- Extensions for consolidated Forms 990-T

Extension Request for Forms 990, 990-EZ, 990-PF, 990-T, 1041-A, 4720, 5227

Beginning in 2008, small tax-exempt organizations that previously were not required to file returns may be required to file an annual electronic notice, Form 990-N, *Electronic Notice (e-Postcard) for Tax Exempt Organizations not Required To File Form 990 or 990-EZ*. This filing requirement applies to tax periods beginning after December 31, 2006. Organizations that do not file the notice will lose their tax-exempt status.

Small tax-exempt organizations whose gross receipts are normally \$25,000 or less, are not required to file *Form 990, Return of Organization Exempt From Income Tax*, or *Form 990-EZ, Short Form Return of Organization Exempt from Income Tax*. With the enactment of the Pension Protection Act of 2006 (PPA), these small tax-exempt organizations will now be required to electronically file Form 990-N, also known as *e-Postcard*, with the IRS annually. Exceptions to this requirement include organizations that are included in a group return, private foundations required to file Form 990-PF, and section 509(a)(3) supporting organizations required to file Form 990 or Form 990-EZ. In addition, this filing requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches.

The IRS developed special guidance to assist corporations and exempt organizations with the transition from filing a paper return to electronic filing. This guidance applies to corporations and exempt organizations required to *e-file* under the temporary regulations. Corporations and exempt organizations required to *e-file* should review this information available at www.irs.gov. Simply click on the “*e-file*” logo, then click on “*e-file* for Large and Mid-Size Corporations” or “*e-file* for Charities and Nonprofits”.

Use Form 8868 (Application for Extension of Time to File an Exempt Organization Return) to request an extension of time to file. MeF will accept electronic filings of Form 8868 (Part I – Automatic Extension) for the following returns: Form 990, 990-EZ, 990-PF, 990-T (corporation), 990-T (sec. 401(a) or 408(a) trust), 990-T (trust other than above), 1041-A, 4720, and 5227. No signature is required as part of this filing. However, a payment record may be attached to this form, as appropriate, and if so, a signature is

required for the Electronic Funds Withdrawal (EFW) authorization. A Practitioner Pin (using Form 8879-EO) or Form 8453-EO may be used for this authorization. Form 8453-EO is the only attachment/binary file that will be accepted. An extension will be rejected if it is not received by the IRS due date of the applicable return. (Note: For purposes of determining timeliness of the extension, the received date is the electronic postmark, if present, or the IRS received date in the GTX Key. To avoid rejecting extensions from filers or transmitters in a different time zone from the IRS' system, the time zone differences are taken into consideration.)

An accepted acknowledgement of the electronic Form 8868 serves as IRS approval of the extension.

FORMS 990, 990-EZ, 990-PF, 990-T, 1041-A, 4720 and 5227 RETURN DUE DATES

TY 2007

The list of TY 2007 Return Due Dates for Forms 990, 990-EZ, 990-PF, 990-T, 1041-A, 4720 and 5227 can be found on irs.gov at::

<http://www.irs.gov/efile/article/0,,id=174983,00.html>

990 FAMILY MeF ACCEPTED FORMS AND SCHEDULES

TY 2007 FORMS 990

The list of TY 2007 Forms and Schedules for Forms 990, 990-EZ, 990-PF, 990-T, 1041-A, 4720 and 5227 can be found on irs.gov at :

<http://www.irs.gov/efile/article/0,,id=176123,00.html>

TYs 2006 FORMS 1065/1065-B

The list of TY 2006 Return Due Dates and MeF Accepted Forms and Schedules for the 990 Family can be found on irs.gov at: **ZZZ**

EXCISE TAX *e-file* AND COMPLIANCE (ETEC) FORMS 720, 2290 and 8849

For TY2007, Forms 720, 2290 and 8849 cannot be *e-filed* for:

- **Form 2290** -- no returns will be accepted for tax periods prior to 200707
- **Form 720** -- no returns will be accepted prior to third quarter 2007

ETEC Extension Requests:

- Extensions can be requested on Form 2290
- No extension to file Form 720
- Form 8849 has due dates that the claim for refund must be filed by. If the deadline is missed for a fuel tax refund, a claim for credit may be made on Form 4136, provided the statute of limitations has not expired on the income tax return and the Form 4136 instructions allow the credit .

ETEC Release 2 (Vehicle Identification Number [VIN] Data Store

The VIN Data Store does not relate to Transmitters or Software Developers but to States only. VIN data collected as part of Form 2290 processing will be shared (*where taxpayer indicated consent*) with state registration agencies to verify that the Heavy Vehicle Use Tax (HVUT) obligation was paid for a vehicle. There are still many issues needing resolution prior to implementation in late 2008. Any State interested in participating in the ETEC State VIN Data Store should contact the ETEC Office at the Ettec.mailbox@irs.gov.

720 and 2290 RETURN DUE DATES

TY 2007 FORMS 720 and 2290

The return due date and extended due date tables for TY 2007 for Forms 720 and 2290 can be found on [irs.gov](http://www.irs.gov/efile/article/0,,id=174983,00.html) at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>. Note: Form 8849 will be added in January 2008.

720, 2290 and 8849 MeF ACCEPTED FORMS AND SCHEDULES

TY 2007 FORMS 720, 2290 and 8849

The list of TY 2007 Forms and Schedules for Forms 720, 2290 and 8849 can be found on irs.gov at : <http://www.irs.gov/efile/article/0,,id=176123,00.html>

Part V
***e-file* Information for Large Taxpayers**
(Corporations, Partnerships and
Tax Exempt Organizations)

Large Taxpayer Provider Option

Corporations, partnerships and tax exempt organizations who are *e-filing* their own return (whether required to by Treasury regulation or who wish to *e-file* voluntarily) need to closely follow the instructions below. Although you are not considered an Electronic Return Originator, you will need to follow certain procedures that EROs, Transmitters, etc. follow to *e-file* your return. The steps for Large Taxpayers are:

1. Prepare your return using IRS-approved software that has all the forms and schedules you need to file
2. Check your return to make sure it will be accepted by IRS
3. Transmit your return to IRS

It is important to understand the differences in the *e-file* Application process for required/voluntary corporations versus those who want to *e-file* in a profit mode. First, whether you are a corporation that is required to *e-file* or one that wants to *e-file* voluntarily, you will be selecting the Provider Option of “Large Taxpayer”. When you do this, you will notice that the Application automatically defaults your organization to a “not for profit” status. That does not mean your corporation is not for profit; it only means you are *e-filing* with IRS in a “not for profit” mode. Corporations or individuals who apply to the *e-file* Program who are responsible for transmitting thousands of returns to IRS are *e-filing* “for profit.” As a “not for profit” *e-filer*, you

(1) do not have to undergo suitability checks required of firms *e-filing* for profit (i.e., suitability checks are not performed on the Responsible Officials or Delegated Users of the corporation) and

(2) will be assigned both an Electronic Filing Identification Number (EFIN) and an Electronic Transmitter Identification Number (ETIN) on the completion of your *e-file* Application. As mentioned previously, if you elect Option 3, you will need your own EFIN and for Option 4, your own EFIN and ETIN.

You will need to follow the screen-by-screen instructions for creating an e-file Application as a Large Taxpayer ([e-file Application for Large Taxpayers](#)).

Preparing Your Return

Most corporations have been using software to prepare their return for years. Whether you prepare your own return or have a third-party tax professional prepare it, you need to ensure that the software you are purchasing has all the forms and schedules that you need to file.

Tax software developers must be Authorized IRS *e-file* Providers – companies or individuals who have registered with e-services and have applied and been accepted into the *e-file* program as software developers. They undergo a suitability check and must test all the software products they are offering. Many forms change from year to year, so each year software developers must test their software products with IRS' Acceptance Testing System (ATS). Please note that passing ATS means that the software has met IRS requirements for electronic business returns. It does not mean that a software package includes every possible schedule or attachment or that it will meet the needs of all filers. You should choose your software based on your own corporate, tax exempt or partnership return needs. Those software developers who have passed ATS for Tax Year 2007 can be found on irs.gov at the following sites:

Form	List of Authorized IRS <i>e-file</i> Providers
1120/1120S	http://www.irs.gov/efile/lists/0,,id=119096,00.html
1065/1065-B	http://www.irs.gov/efile/lists/0,,id=100940,00.html
990, 990-EZ, 990-PF & 1120-POL	http://www.irs.gov/efile/lists/0,,id=119598,00.html
720, 2290 & 8849	http://www.irs.gov/efile/article/0,,id=171176,00.html

With the requirement to *e-file*, the challenge will be to integrate all of the supporting data, transactional data, elections, disclosure statements and other items with your return. Guidance on incorporating that information can be found in Part III (MeF Information Applicable to All Form Types) of this Publication .

Exhibits

EXHIBIT 1
Standard U.S. Postal Service State Abbreviations and ZIP Codes

The Standard Postal Service State Abbreviations and Zip code list can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=171946,00.html>

EXHIBIT 2
Foreign Country Codes

The Foreign Country Code list can be found on irs.gov at:
<http://www.irs.gov/efile/article/0,,id=175595,00.html>

EXHIBIT 3
TY 2007 MeF Accepted Forms and Schedules

The forms and attachments listing for ALL form types in MeF can be found on irs.gov at:
<http://www.irs.gov/efile/article/0,,id=176123,00.html>

To access specific forms only, follow the links below:

For Forms 1120/1120S/1120-F/7004:

http://www.irs.gov/pub/irs-utl/1120_form_family_accepted_forms_and_sch.pdf

For Forms 1065/1065-B

http://www.irs.gov/pub/irs-utl/1065_forms_and_maximum_table.pdf

For Forms 990, 990-EZ, 990-N, 990-PF, 1120-POL and 8868:

http://www.irs.gov/pub/irs-utl/exempt_organizations.pdf

EXHIBIT 4 RETURN DUE DATE AND EXTENDED DUE DATES FOR TY 2007

The return due date and extended due date tables for TY 2007 for each MeF form can be found on irs.gov at: <http://www.irs.gov/efile/article/0,,id=174983,00.html>.

For specific forms, click on the form type below:

[Form 1065/1065-B](#)

[Form 1120/1120-F/1120-S/1120-POL](#)

[Form 7004](#)

[Form 720/2290](#)

[Form 990 Series and Form 4720](#)

EXHIBIT 5 NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODES

The following link provides the NAICS Codes (codes for Principal Business Activity):

http://www.irs.gov/pub/irs-utl/copy_of_naics_listing.pdf

EXHIBIT 6 TY 2007 SCHEMAS AND BUSINESS RULES

The schema validation business rules can be found on the irs.gov website as follows:

For Forms 1120, 1120S, 1120-F and 7004:

<http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>.

For Forms 1065 and 1065-B:

<http://www.irs.gov/taxpros/providers/article/0,,id=153999,00.html>

For Forms 990, 990-EZ, 990-PF, 1120-POL and 8868:

<http://www.irs.gov/charities/article/0,,id=105955,00.html>

For Forms 720, 2290 and 8849:

<http://www.irs.gov/efile/article/0,,id=169093,00.html>

**CHANGE PAGE
PUBLICATION 4163**

REVISION #	DATE	CHANGES
1	12/06/2007	1. Added Change Page 2. Corrected web addresses in Exhibit 3