

**From:** McKay, Bernie [Bernie\_McKay@intuit.com]  
**Sent:** Wednesday, May 05, 2004 8:29 PM  
**To:** 'EFAST2@DOL.GOV'  
**Cc:** Sprouse, Russ; Hahn, Katherine  
**Subject:** COMMENT SUBMISSION FOR ERISA RFC ON FILING ACCEPTANCE SYSTEM

**Importance:** High



Intuit Ltr DOL RFC Comment  
EFAST 5-4-04.do... Submission 5-5-04...  
EFAST Program Office

RE: Request for

Comment  
Employee Benefits Security Administration ERISA Filing  
Acceptance System  
Room N 5459  
US Department of Labor  
200 Constitution Avenue, NW  
Washington DC 20210

Dear Sir or Madam,

Attached please find the comment submission of the Intuit Company in the form of two document attachments.

Thank you for the opportunity to submit comments in this important dialogue.

Respectfully submitted,

Bernard McKay  
Vice President, Corporate Affairs  
Intuit, Inc.

<<Intuit Ltr DOL EFAST 5-4-04.doc>> <<RFC Comment Submission 5-5-04.doc>>

## Intuit Response to DOL, IRS, PBGC, and SSA Request for Comment EFAST Re-design

Topics for Comment	Business Comments	Technical Comments
<p>1. Method of Filing</p>	<ul style="list-style-type: none"> <li>• We appreciate the department’s emphasis that it should “not propose to interfere with the delivery of [Form 5500] services and strongly believes that [return preparers and software developers] play an important role in ensuring that the Form 5500 series returns meets requirements. Indeed, the Agencies anticipate that return preparers and software developers will continue to provide such services in support of electronic filing ....”</li>   <li>• Having acknowledged the Agency commitment to work collaboratively with return preparers and software developers, and keeping in mind similar intentions and motivations by other agencies seeking to better utilize the capabilities of electronic filing, the core of the proposal nevertheless runs the risk of moving past a collegial relationship and instead inserting the government directly into the Electronic Commerce, Software and E-Filing business which today is a broad and competitive private sector industry. These are not only private sector core competencies, but the capabilities exist in the marketplace expressly because of the continuous investments of the private sector in the invention, development and enhancement of these products, services and technologies.</li>   <li>• The entry of the government into direct provisioning to the general public of such commercial products and services is not an inherently governmental function, but could disintermediate the role of the private sector in the marketplace. Eight US Presidents over a fifty year period, beginning with President Eisenhower, promulgated a government policy which declared that a commercial activity is not a governmental function, and therefore the Government should not start or carry on any activity to provide a commercial product or service.</li>   <li>• In recent years, a public debate on whether government should directly develop and offer software and electronic commerce products and services to the American public became the subject of multiple public policy white papers and studies from all ends of the political spectrum, include analyses by the Progress and Freedom Foundation, the Progressive Policy Institute, Americans for Tax Reform, and others. These policy analyses recommended against government expending public resources to initiate e-commerce activities that are not inherently governmental or which would duplicate private invention and investment. These analyses also addressed related public policy issues such as citizen privacy, respective core competencies, and the extensive cost structure associated with such initiatives, including substantial short-term costs to create duplicative technology capabilities and systems, and long-term costs for ongoing development, maintenance, troubleshooting, operation, enhancement and provisioning, as well as necessary network resources and client services and support, including technical assistance and help desks.</li>   <li>• The history of the IRS experience is cited in the EFAST Redesign proposal description, and that is an excellent comparator. The document, however, does</li> </ul>	<p><i>Without regard to the efficacy or advisability of the underlying government-centric solution, the following technical comments are offered:</i></p> <ul style="list-style-type: none"> <li>• Elimination of the 2D barcode filing method would streamline yearly development/maintenance processes.</li>   <li>• Using the Internet as a transmission vehicle would enable savings in and out of government for costs currently related to support of 1980’s technologies, modems, supporting hardware, and non-Internet protocols.</li>   <li>• In the use of the Internet as a transmission vehicle, the interface to DOL should not be defined in terms of use of a browser. The interface should be defined in terms of either HTTPS Posts or Web Services – something that is reliably automatable.</li> </ul>

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	<p>not mention the extensive public debate that took place over a multi-year period about whether it is or is not an appropriate use of public resources for the government to actively enter the commercial marketplace with its own e-commerce products and services for the use of the general public.</p> <ul style="list-style-type: none"> <li>In 2002 the IRS entered into a voluntary Public-Private Partnership agreement with the software and e-commerce industry, rather than expending public resources to develop and offer its own IRS software, e-filing and e-commerce products and services. This determination was reflected in a Negotiated Public Rulemaking which was published in the Federal Register for comment in August 2002. That Rulemaking received more than 700 comment submissions which supported, by a ratio of 6-to-1, the concept of voluntary Public-Private Partnership and opposed direct government interference in, or duplication of, the e-commerce marketplace for consumer and business goods and services. The Negotiated Rulemaking formally agreed that the United States Government would not develop or offer competitive products or services related to the preparation and submission of tax compliance filings. The Policy Agreement underlying that Rulemaking explicitly declares that the government determined a Public-Private Partnership strategy to be the most cost-effective solution to meet public needs.</li> </ul>	
<p>2. Simplification of the Electronic Signature and Authentication Procedure</p>	<ul style="list-style-type: none"> <li>* Simplification of the Electronic Signature and Authentication procedure would be a constructive and positive step forward.</li> <li>* IRS experience in this area over the past decade is particularly relevant and instructive. Self-select PINs have been proven out as an effective and workable solution in the IRS environment, reducing complexity and cost for government as well as industry.</li> </ul>	<ul style="list-style-type: none"> <li>* Current EFAST e-file specifications do not allow the capture of an electronic signature related to the Schedule B or the Accountants' Opinion. Although minimal, additional development, and associated costs, would be required of the private sector in order to support the Schedule B and Accountants' Opinion electronic signatures.</li> </ul>
<p>3. Mandatory Electronic Filing</p>	<ul style="list-style-type: none"> <li>* Industry has generally not supported government e-filing mandates. Among other concerns, the relative accessibility for filers on a ubiquitous basis could be a barrier to ready compliance. Industry has generally supported incentives rather than mandates. <ul style="list-style-type: none"> <li>In this instance, requiring e-filing may be the most rapid and efficient solution to the identified public interest need. However, to be supportable, the appropriate government strategy should be to work cooperatively with the private sector in the advancement of competitive private sector product and service offerings from which the consuming public could choose for compliance.</li> <li>Coupling government mandates with government direct e-commerce and software product and service provisioning would be the most adverse and inadvisable of all solution options and would constitute aggressive interference in the private marketplace by government.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>* Although industry generally currently supports all forms and schedules of the 5500 formset, there are a few auxiliary worksheets not supported. An e-file mandate, which required detail contained in these non-supported worksheets, would most likely require additional development/maintenance and associated direct incursion of costs by the private sector in order to comply.</li> </ul>

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4. Charging of Filing Fees	* <b>Government should not generally aim to maximize net revenues through the charging of fee for service arrangements, nor to take actions that are anti-competitive in their effect through the charging of fees that are artificially below true costs as a result of cross subsidies from the public fisc which are unavailable to private sector service providers.</b>	
5. Use of Internet Filing Data Standards Such as XML	* <b>Industry could support using standards similar to the IRS, e.g. XML.</b>	
6. Improved Handling of Third-Party Attachments and Attestations	* <b>The handling of attachments should be consistent with IRS methodology.</b>	* <b>Requirements would impose additional development/maintenance costs on the private sector to allow local computer browsing capabilities.</b>
7. Improved Consistency of Treatment for Paper and Electronic Filings	* <b>Criteria for acceptance &amp; rejection should be the same.</b>	
8. Centralized Web-Based Dissemination and Public Disclosure of Form 5500 Series Data		
9. Require Each Plan Filing Form 5500 Series to Obtain a Unique EIN	* <b>This appears to be an appropriate and logical step.</b>	
10. Separation of Certain Information from the Form 5500 Series Package		
11. Other		* <b>Any change to the current specifications need to be communicated to the developer community well in advance (1+ year) to allow appropriate planning and execution.</b>



Suite 200, North Tower  
601 Pennsylvania Avenue, NW  
Washington, DC 20004

May 4, 2004

EFAST Program Office  
Employee Benefits Security Administration  
Room N 5459  
US Department of Labor  
200 Constitution Avenue, NW  
Washington DC 20210

RE: Request for Comment  
ERISA Filing Acceptance System

Attn: EFAST RFC - EFAST2@DOL.GOV

Dear Sir or Madam:

On behalf of Intuit Inc., thank you for this opportunity to comment on your proposed revisions to the EFAST Program.

We appreciate the efforts of the Department of Labor to review the operations of the EFAST program and encourage new thinking to streamline operations as well as better utilize electronic filing. As a leader in the field of electronic filing of government compliance reporting, we believe in the power of electronic filing to transform traditional processes, reduce operating costs and enhance accuracy and efficiency.

We appreciate your acknowledgment about the role that tax preparers and software developers can and should play to help the EFAST program fully realize its e-file potential. The history of the differentiated but partnered roles of the public and private sectors in the advancement of e-filing for IRS applications provides existence proof of the value of such collaboration. As such, we are concerned about potential adverse implications if government instead were to attempt to replicate the investments and resources of the private sector and/or entered into direct competition with e-commerce products and services in the marketplace. Our observations are more fully set forth in the attached comments. We caution that now would not be the time to actively begin a strategy that could threaten the economic vitality of a number of private industry sectors, including the high technology community. Similarly, given all of the competing priorities for limited public resources, it is important for government to leverage private sector investments and expertise rather than seeking to duplicate it inside government. We believe that Public-Private Partnership strategies and collaboration will ultimately best serve the strategic objectives of government, permitting continued economic growth and recovery, while marshalling public resources for e-government activities and functions which only government can perform.

We welcome the opportunity to submit comments and to work with the EFAST office to develop a program that is mutually beneficial for taxpayers, the government, taxpayers and the private sector.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. McKay".

Bernard F. McKay  
Vice President, Corporate Affairs