



MAINSTREAMING STAWRS

Expanding Electronic Tax Products for Businesses



Employers' Point of View

“Every time I turn around, there is another form.”

“the fact that I have to send it to four different agencies every quarter is a real pain in the neck..I'd like to go to one place...or do it electronically and just get it to all four at the snap of a button”

“it should all be put into one pot and let everybody collect their own.”

“Let us know about all the taxes, like state ones.”



STAWRS

- STAWRS Website
- COTS-SPEF
- Internet EIN
- Standardized Identification Number
- Form W-2/3 Single Point Filing
- Harmonized Wage Code



Small Business Website

- The STAWRS website was combined with the SBSE website at www.irs.gov on January 27, 2002
 - Forms and Publications
 - Employer information
 - Industry specific communities
 - Trends and Statistics
 - Small Business Workshops
 - Tax Tips
 - Links to other agencies

Small Business Website





INTERNET EIN

- Phase I 2002 -2003
 - **Direct access 24/7**
 - **Automatic prompt to complete information**
 - **Immediate receipt of a provisional number**
 - **Confirmation of number within 14 days**
 - **Available through State agencies, financial institutions and practitioners**
 - **Can provide E-mail address for educational materials**
 - **Can provide authorized Power-of Attorney**



Internet EIN (continued)

- Phase II 2004
 - Immediate validation of the number
 - On-Line receipt of validated EIN
 - Immediate notification of filing requirements
 - Determine industry code on-line



Standardized EIN

- **STAWRS Definition:**

Allow businesses to use a single identification number for all transactions with all Federal and State agencies.
- **OMB Commitment:**

Submit to the Administration a Decision Paper covering appropriate recommendation, its impact on agencies and benefits to stakeholder.



Opportunity for Success

Use Federal EIN as a cross reference to State agency numbers. Businesses use only the Federal EIN.

State Unemployment Insurance Agencies:

39 States use both the Federal and a State number.

State Revenue Agencies:

5 States use as their State ID number.

10 States use as part of their State ID number.

14 States use both the Federal and a State number.



Opportunity for Success

- **Add an EIN/name validation application to Internet EIN for use by government agencies.**

Provide:

- Name of the business
- Address
- Industry code
- As authorized by taxpayer:
 - Power of Attorney
 - E-mail address for educational material



W-2/3 Single Point Filing

- **STAWRS Definition:**

Allow businesses to file wage reports for Federal and State agencies as one combined activity.
- **OMB Commitment:**

Submit to the Administration a Decision Paper including implementation requirements, costs, barriers, and benefits to taxpayers and agencies.



Opportunity for Success

Fund SPF for E-Filed Fed/State Forms

- Allow employers to use any of 5 electronic or magnetic medias for filing.
- SSA will:
 - Record the State data
 - Validate it to the extent the Federal data is validated
 - Forward the data to the IRS for distribution to the States



Opportunity for Success

Market Magnetic/Electronic Filing

Magnetic

Cartridge

3.5 Diskette

Tape

Electronic

On-Line Wage Reporting – Internet

Pilot

On-Line Wage Reporting – Public Key Infrastructure



Opportunity for Success

Market OLWR Internet

Number of Employees	% of Employers	% of Paper Filers	% of Paper W-2s
1	22.51 (1.5M)	24.9 (1.3M)	2.2 (1.3M)
2 to 10	46.69 (3.1M)	51.5 (2.7M)	20.9 (12.0M)



Harmonized Wage Reporting

- **STAWRS Definition:**
Make employment tax laws more consistent across Federal and State codes, regulations, forms, and filing and payment schedules.
- **OMB Commitment:**
Conduct a survey of State and Federal agencies to determine the economic and technical impact of recommendations on tax revenues and administration. Submit report to the Administration and State agencies.



Opportunity for Success

- Reduce scope to:
 - Filing Dates
 - Payment Dates
 - Targeted Harmonized Wage Code
- Fed/State Virtual Payroll Tax CD ROM/Internet Workshop



Opportunity for Success

Filing Dates

Unemployment Insurance

49 States and Federal - quarterly LDNM

1 State is one day off

Income Taxes

9 States have no Income Taxes

22 States and Federal - quarterly LDNM

1 State is five days off

8 States have monthly and quarterly reporting

2 States and DC require monthly filing only

8 States have unique requirements



Opportunity for Success

Fed/State Virtual Payroll Tax CD Rom/Internet Workshop

- IRS
- Social Security Administration
- Department of Labor
- Federation of Tax Administrators
 - State validation of information



Opportunity for Success

- Fed/State Virtual **Payroll Tax** CD Rom/Internet **Workshop**
 - Registering at Federal and State levels
 - Definitions of employer, wages, etc.
 - Filing Dates
 - Payment Schedule
 - Penalties
 - Forms for Case Study
 - Links to States for Forms and Instructions
 - E-file/payment Options



Opportunity for Success

- Fed/State **Virtual** Payroll Tax CD Rom/Internet

Federal

State

Video presentation

Power Point Presentation

Table for Federal/State Differences x

Active Case Study x

Links to Tax Forms x