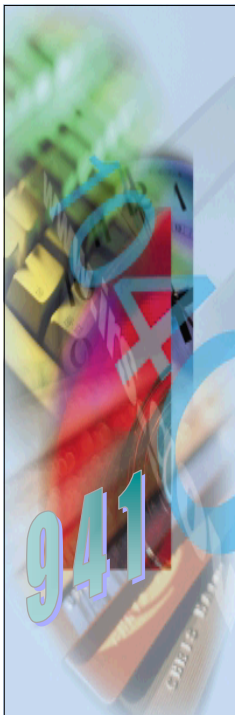




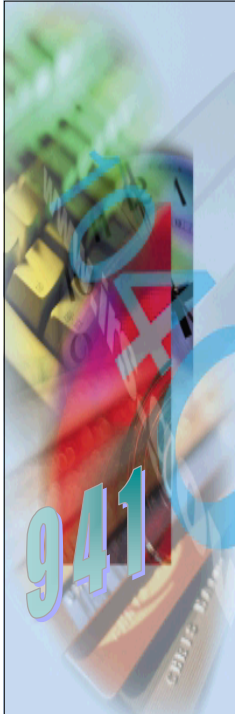
## FEDERAL STATE EMPLOYMENT TAXES (FSET)

FTA 71<sup>st</sup> Annual Meeting  
June 16, 2003



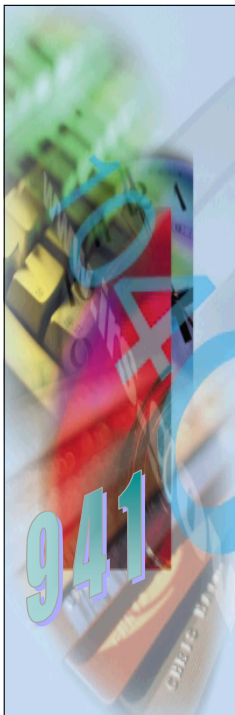
### Federal State Employment Taxes

- ❖ One stop solution for single point filing of employment tax returns
- ❖ Developed in partnership with state taxing agencies, IRS and software developers



## IRS Direction

- ❖ RRA '98
- ❖ e-gov – OMB
- ❖ Modernized e-file



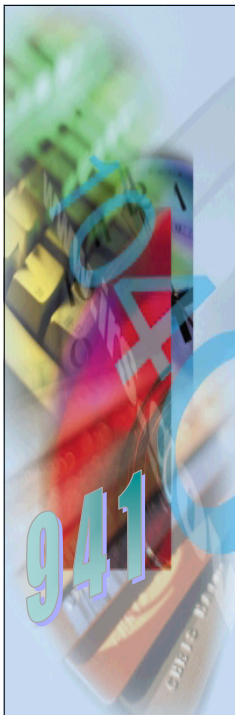
## The New Employment Tax e-file System

- ❖ Delivered January 6, 2003
- ❖ First XML Product for Electronic Filing
- ❖ Enhanced Features




### Features and Benefits

- ❖ First Practitioner Model
- ❖ Integrated File and Pay
- ❖ Flexible and Convenient
- ❖ Fast and Accurate
- ❖ Modern and Efficient



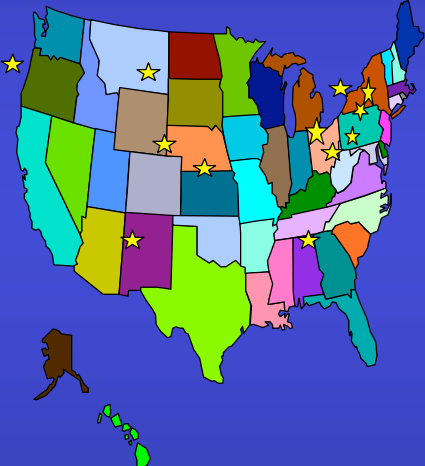
### FSET Background

- ❖ Tax Implementation Group for Electronic Commerce Requirements Standardization was founded in December 1994 by FTA, IRS and several states
- ❖ The objective was to create a model XML schema
- ❖ The decision was to use XML schema as a foundation for the state schema



### State Participation

- *South Carolina*
- *Illinois*
- *Maryland*
- *Massachusetts*
- *Connecticut*
- *Pennsylvania*
- *California*




- *Oklahoma*
- *Montana*
- *Minnesota*
- *Iowa*
- *New York*
- *New Jersey*



### FSET Accomplishments

- ❖ XML Based Approach
- ❖ State XML Schema
- ❖ Schema and User Guide housed on IRS website



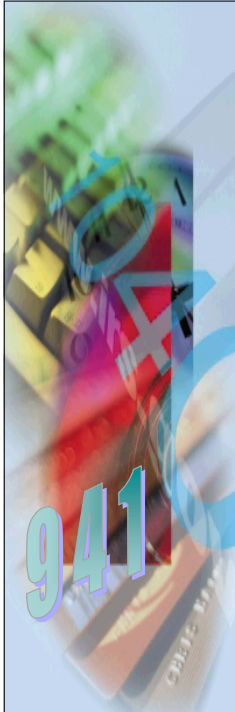
### Current Status

- ❖ Schemas are posted and Configuration Management is defined
- ❖ IRS continues to support FTA and TIGERS meetings
- ❖ Some states are working with Software Developers to deliver FSET



### Going Forward

- ❖ Maximize the volume of electronically filed returns
- ❖ Move to a standardized approach
- ❖ Engage Software Developers
- ❖ Encourage State Participation



### FSET Opportunities

- ❖ Provide a single data format standard for federal and state software developers
- ❖ Enhance federal and state partnership and data exchanges
- ❖ Promote elimination of intensive magnetic media processes
- ❖ After implementation, make e-filing less expensive to administer than magnetic and paper processes
- ❖ Provides Joint Marketing Opportunities