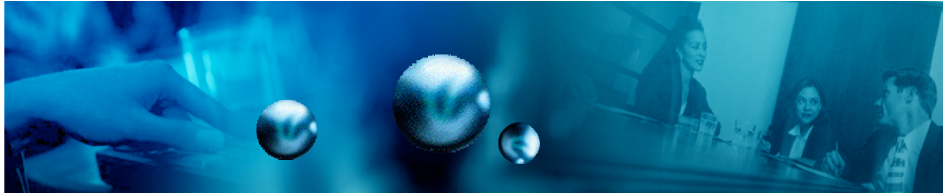


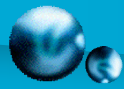
# Improving the Tax Software Approval Process



Donna Muccilli - Arizona E-File Administrator

## Objectives...

- Improve E-file readiness
- Reduce Overtime
- Increase Productivity



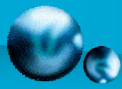
## Discovery...

- Non-conformity with NACTP Standards
- Scenario Development
- Antiquated PATs Review Process
- Test Result Reporting
- E-file Unviewable –Retrievable

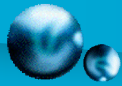
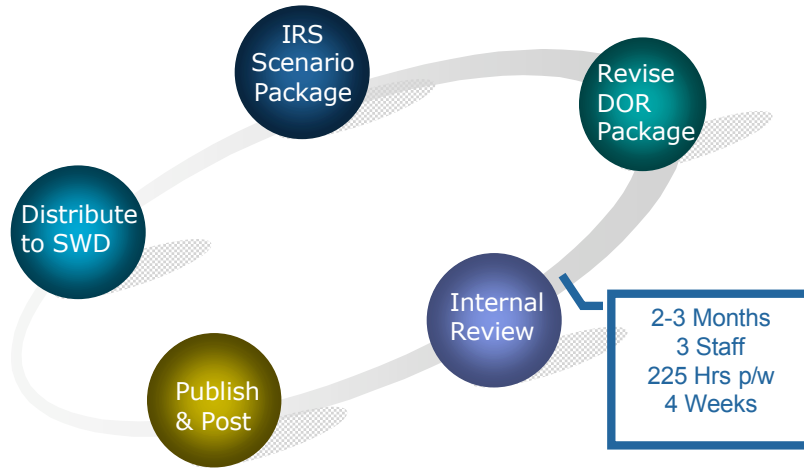


## Standards...

- Non-conformity NACTP
  - Testing Package Delayed
  - Number of Tests
  - Example Tax Returns
  - Test Results
  - E-File /2D Tests Different

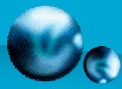


## Scenario Development



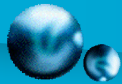
## PATs Review Process...

- Manual Process
  - Preparation
  - Upload
  - Review
  - Respond
- 3-4 Days per Software Package
- Average 11 Tests
- 13 Developers



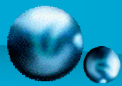
## **Internal Needs...**

- Retrieve/View E-Filed Returns
- Certified Copies
- Produce Legal Returns
- Queries for Audit Groups



## **Tax Year 2003...**

# **Process Enhancements**



## Process Enhancements

- Gentlemen's Agreement with DRAKE
  - Provided Test Scenarios
  - Completed Fed Return Examples
  - Completed State Returns Examples
- Minimized Changes to Federal Scenarios
- Reduced Internal Development/Review
- Positioned AZ for Readiness



## Process Enhancements

- Automated PATs Process
  - Preparation
  - Upload
  - Review
  - Respond
- 1-2 Hours Vs. Days
- 13 Developers
- 22 Software Packages

**E-FILE** About Tests TP Format  
 Help Drains Drain/SSN

## SCENARIO TESTING

Tax Year: 2003 File Name: az20031202\_002.txt Developer ID: 005613  
 SEARCH PRINT FORM NEXT STOP CAPTURE EXIT

DRAIN: az20031202\_002.txt 12/2/2003 10:33:48 AM 040000-7501  
 ADDRESS: : : : :  
 FORMS REQUIRED: 140EZ  
 INFORMATION RETURNS: : : : :

SCENARIO: 040000-7501 RETURN 0001 GENERIC FRM 140EZ Fail CUR DRAIN RETURNS ALL DRAIN DEVELOPERS SAVE for EMAIL

Ln#	Sub Field#	Description	'Should Be' Test Data	< >	'Transmitted' Data	Opt
0	0	Byte count	2496		2496	
2	0	Record ID Type	ST		ST	
3	1	Form Number	0001		0001	
4	2	Page Number	PG01		PG01	
5	3	Taxpayer ID	400007501		400007501	
6	4	Filler				
7	5	Form/Schedule	0000001		0000001	
8	10	State Code	AZ		AZ	
9	11	City Code				
10	19	State-Only-Indicator	S0		S0	
11	20	Declaration Control Nbr	999999999999999		00561332010014	ign
12	23	Return sequence Nbr	8888888888888890		7322000333040001	ign
0	24	Direct Deposit Indicator	1		1	
1	25	Reserved Rtn Flag				
2	30	State Routing Transit	012456778		012456778	
3	32	State Return Indicator	1		1	
3	35	State Deposit Acct Nbr	1112223456		?? 111-222-3456	
4	40	State Checking Acct				
5	48	State Savings Acct	X		X	
6	49	On-line State Return				
1	50	Preparer's SSN or PTIN				ign
2	50	Preparer's EIN				ign
3	50	Preparer's Zip				ign
4	50	Preparer's Zip+4				ign

**E-FILE** About Tests TP Format  
 Help Drains Drain/SSN

## SCENARIO TESTING

Tax Year: 2003 File Name: az20040204\_131.txt Developer ID: 009141  
 SEARCH PRINT FORM NEXT STOP CAPTURE EXIT

DRAIN: az20040204\_131.txt 2/4/2004 8:50:58 AM 040000-7501  
 ADDRESS: : : : : 19645  
 FORMS REQUIRED: 140EZ  
 INFORMATION RETURNS: : : : :

SCENARIO: 040000-7501 RETURN 0001 CONTINUE GENERIC FRM W-2 CUR DRAIN RETURNS ALL DRAIN DEVELOPERS SAVE for EMAIL

Ln#	Sub Field#	Description	'Should Be' Test Data	< >	'Transmitted' Data	Opt
1	20	Control Number				
2	30	Void Ind				
3	40	Employer Identification Number	116321571		116321571	
4	45	Employer Name Control	LOAF		LOAF	
5	50	Employer Name	LOAFERS SANDWICH SHOPPE		LOAFERS SANDWICH SHOPPE	
6	55	Employer Name Line 2				
7	60	Employer Address	14A LOAFERS LAND		14A LOAFERS LANE	
8	70	Employer City	PHOENIX		PHOENIX	
9	73	Employer State	AZ		AZ	
10	75	Employer Zip Code	00000085014		85014	
11	80	Employee SSN	400007501		400007501	
12	90	Employee Name	TEST N ERTIA		TEST N ERTIA	
13	100	Employee Address	215 LAID BACK WAY		215 LAID BACK WAY	
14	105	Employee Address Continuation				
15	110	Employee City	PHOENIX		PHOENIX	
16	113	Employee State	AZ		AZ	
17	115	Employee Zip Code	00000085014		85014	
18	120	Wages	00000002150		2150	
19	130	Withholding	00000000300		300	
20	140	Social Security Wages	00000002150		2150	
21	150	SS Tax	00000000133		133	
22	160	Medicare Wages and Tips	00000002150		2150	
23	170	Medicare Tax Withheld	00000000031		31	
24	180	Social Security Tax				

**E-FILE** About Tests TP Format  
 Help Drains Drain/SSN

## SCENARIO TESTING

Tax Year: 2003 File Name: az20031223\_032.txt Developer ID: 002100  
 SEARCH PRINT FORM NEXT STOP CAPTURE EXIT

DRAIN: az20031223\_032.txt 12/23/2003 1:17:17 PM 040000-7517  
 ADDRESS: 51108  
 FORMS REQUIRED: 140, SCH A, 301, 310, 321, 322, 323  
 INFORMATION RETURNS:

SCENARIO: **040000-7517** RETURN 0005 CONTINUE GENERIC FRM AZA CUR DRAIN RETURNS ALL DRAIN DEVELOPERS SAVE for EMAIL

Ln#	Sub Field#	Description	'Should Be' Test Data	< >	'Transmitted' Data	Opt
1	15	Medical/Dental Exp	000000010500		10500	
2	20	MSA Distrib Used				
3	25	Med Expense Fed	000000003310		3310	
4	30	Tot Med Deduct	000000003310		3310	
5	35	AZ Med Deduct	000000007190		7190	
6	40	AZ Med Adjust				
7	45	Fed Cred for Int				
8	50	Wagering Losses				
9	55	Gambling Winnings				
10	60	AZ Lottery Subtract				
11	65	Max Gambling Ded				
12	70	Tot Gambling Losses				
13	75	Prop Taxes Adj				
14	80	Charitable Contrib				
15	85	Fed Item Ded Non AZ				
16	90	Total Line 5 & 7	000000007190		7190	
17	95	Total Other Lines				
18	100	Total Fed Item Ded	000000011280		11280	
19	105	Line 16	000000007190		7190	
20	110	Total Line 18 & 19	000000018470		18470	
21	115	Line 17				
22	120	AZ Itemized Deduct	000000018470		18470	

Click For Files 005613 SEARCH FORM RUN STOP EDITOR EXIT

**LIST DEVELOPER DRAINS** HALT BACK

DEV ID	NAME	DRAIN FILE NAME	RETURNS
0000001201			
03000012			
1040PROPRK			
2080107			
2NDSTORY			
2NDSTORYOL			
2NDSTORYPR			
ATX FORMS			
CROSSLINK			
DRAKE SOFT			
ESIGRTTAX			
EXACTAX			
ESTAXRETUR			
FTT			
HRB TAXCVT			
HRB TPS			
HRB WEB			
INTUIT			
LACERTE			
ONLINETAXE			
ORRTX02			
ORRTX03			
ORRTX04			
PROSYSTEM			
RCS			

**E-FILE** About Tests TP Format  
 Help Drains Drain/SSN

## SCENARIO TESTING

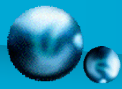
Tax Year: 2003 File Name: IRSFilesScenario.txt Developer ID: 005613  
 SEARCH PRINT FORM NEXT STOP CAPTURE EXIT

DRAIN: U:\Applications\EFile\12/2/2003 10:33:48 AM 040000-7501  
 ADDRESS: DKL  
 FORMS REQUIRED: 140EZ  
 INFORMATION RETURNS:

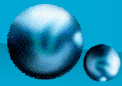
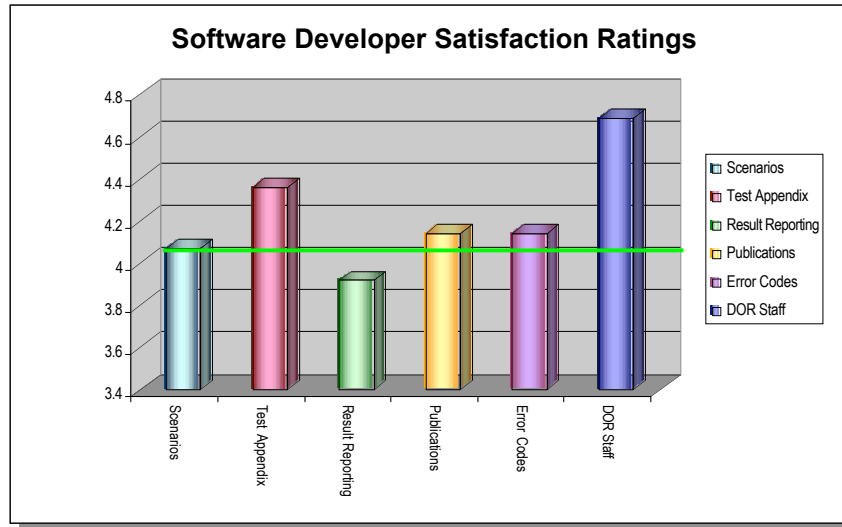
SCENARIO: 040000-7501 RETURN 0001 GENERIC FRM 140EZ Pass CUR DRAIN RETURNS ALL DRAIN DEVELOPERS SAVE for EMAIL

Ln#	Sub Field#	Description	Shoul	Ret No.	Dev ID	SSN/Scen	SW Dev	Code
0	0	Byte count	2496	0001	056133	400007501	DRAKE	SOF
2	0	Record ID Type	ST	0002	056133	400007503	DRAKE	SOF
3	1	Form Number	0001	0003	056133	400007508	DRAKE	SOF
4	2	Page Number	PG01	0004	056133	400007510	DRAKE	SOF
5	3	Taxpayer ID	400007501	0005	056133	400007511	DRAKE	SOF
6	4	Filler		0006	056133	400007513	DRAKE	SOF
7	5	Form/Schedule	0000001	0007	056133	400007516	DRAKE	SOF
8	10	State Code	AZ	0008	056133	400007517	DRAKE	SOF
9	11	City Code		0009	056133	400007519	DRAKE	SOF
10	19	State-Only-Indicator	SO	0010	056133	400007520	DRAKE	SOF
11	20	Declaration Control Nbr	99999999999	0011	056133	400007521	DRAKE	SOF
12	23	Return sequence Nbr	88888888888	0012	056133	400007523	DRAKE	SOF
0	24	Direct Deposit Indicator	1	0013	056133	400007524	DRAKE	SOF
1	25	Reserved Rtn Flag		0014	056133	400007525	DRAKE	SOF
2	30	State Routing Transit	012456778					
3	32	State Return Indicator	1					
3	35	State Deposit Acct Nbr	1112223456					
4	40	State Checking Acct						
5	48	State Savings Acct	X			X		
6	49	On-line State Return						
1	50	Preparer's SSN or PTIN						ign
2	50	Preparer's EIN						ign
3	50	Preparer's Zip						ign
4	50	Preparer's Zip+4						ign

	A	B	C	D	E	F
1	AZ DOR E-MAIL FI	LE ,E	MAIL_006800_FRM 140_RET-00			
2	AZ DRAIN NAME		az20040105_041.txt ,,,,,			
3	DEVELOPER ID		006800 ,,,,,			
4	TIME STAMP		1/6/2004 8:36:54 AM ,,,,,			
5	RETURN NO.		001 ,,,,,			
6	TAX YEAR		2003 ,,,,,			
7	SCENARIO		40000-7519 ,,,,,			
8	AZ FORM		FRM 140 ,,,,,			
9	PASS/FAIL ??		FAILED			
10	AZ DOR COMMENT					
11	SCENARIO	FIELD	DESCRIPTION	PASS FAIL	Should Be	Transmitted
12	040000-7519	,000	,Byte count	,	,2496	,2496
13	040000-7519	,000	,Record ID Type	,	,ST	,ST
14	040000-7519	,001	,Form Number	,	,0001	,0001
15	040000-7519	,002	,Page Number	,	,PG01	,PG01
16	040000-7519	,003	,Taxpayer ID	,	,400007519	,400007519
17	040000-7519	,004	,Filler	,	,	,
18	040000-7519	,005	,Form/Schedule	,	,0000001	,0000001
19	040000-7519	,010	,State Code	,	,AZ	,AZ
20	040000-7519	,011	,City Code	,	,	,
21	040000-7519	,019	,State-Only-Indicator	??	,	,SO
22	040000-7519	,020	,Declaration Control Nbr	,	,999999999999999	,00680060102114
23	040000-7519	,023	,Return sequence Nbr	,	,88888888888888890	,5183500364460001
24	040000-7519	,024	,Direct Deposit Indicato	,	,	,
25	040000-7519	,025	,Reserved Rtn Flag	,	,	,
26	040000-7519	,030	,State Routing Transit	,	,	,
27	040000-7519	,032	,State Return Indicator	,	,	,0
28	040000-7519	,035	,State Deposit Acct Nbr	,	,	,

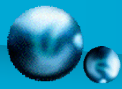


## Process Enhancements



## Process Enhancements

- One software developer wrote to thank the staff, stating that the process of approvals would be much improved if all states used Arizona's method for testing.
- Once again, I cannot thank you enough for the amazing PATS approval format & the corresponding follow-up. I have already submitted Arizona's 'PATS notification format' as a state PATS prototype. Hopefully, this can be discussed this spring during NACTP meetings. I am definitely looking forward to a great tax season with Arizona."
- "You guys are saints.... Thanks for the great job you do at trapping issues like this... And bringing them to our attention..."
- "Some states require us to guess the result they would like and it requires numerous transmissions to get the same results. When we have the information that is expected on the test returns, we adjust our software to compute and gather the correct information in the correct format. We do not use this information to short-cut the testing process. We are as interested as you are to have our software compute accurate results."



## Process Enhancements Results



Objectives

- Improve E-file readiness
- Reduce Overtime
- Increase Productivity



Results

- 30 Approvals by 1/9
- E-File Readiness 1/16
- NACTP Compliance
- No Overtime
- Improved Communications
- Accomplished Internal Needs
- Continued Partnership
- Combined E-file/2D Barcode