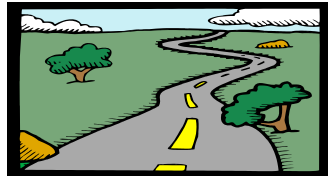


## Modernized eFile State Development

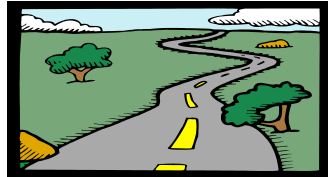
Terry Garber  
South Carolina DOR  
Chair, TIGERS

### The Urgency:



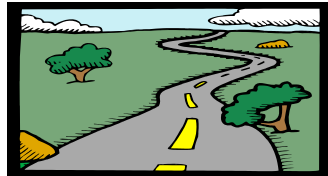
- Fed/State 1040 is not that far away!
- Work on Fed/State 1040 has already begun, based on Fed/State 1120 development
- TIGERS has technology savvy team that has braved the new MeF frontier with 1120/1065
- TIGERS needs 1040 business experts who know Individual Income Tax data
- We will also support new states for 1120/1065

## The First Steps:



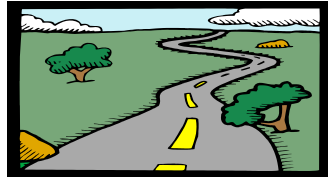
- Define Business Rules
  - Fed/State 1120 project created eight basic Business rules, covering such areas as
    - Authentication of the taxpayer
    - Pass-through payments
    - Accommodating different due dates
    - Testing with IRS and Transmitters
  - 1065 added rule to pull down returns by tax
  - New rules may be needed for Fed/State 1040
- 

## The Challenge:



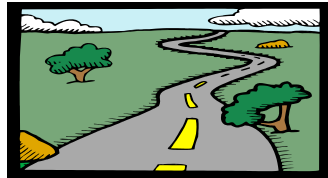
- Forms and tax law differ by state
  - No one-to-one correspondence between state forms
  - Each state has a different assortment of data elements
  - Bottom line: there is no way to build a standard data format (XML schema) based on state tax forms that can handle all states.
-

## The Solution:



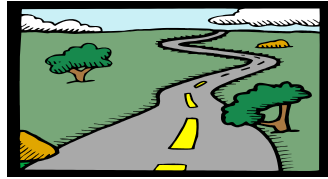
- Utilize TIGERS process first used for Fed/State Employment Tax
- Collect data elements from all participating states
- Analyze data for common groupings
- Build XML schemas from consolidated data
- Establish process for adding new data and new states to maintain standardization

## The Reality:



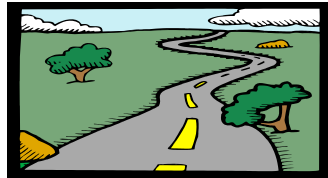
- It's a lot of hard, boring, painstaking work!!
- State forms must be mapped, line by line, to the Excel spreadsheets
- "Boiling down" by category takes analysis of tax forms and code across multiple states
- States must also develop their own systems
  - Utilize the state's data in standardized XML format
  - Build web services gateway with IRS

## The Cost:



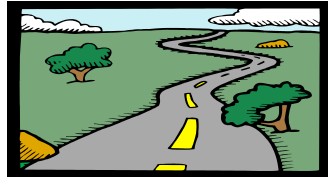
- Paid developer maintains spreadsheets, coordinates boil down, generates schemas
- Costs spread across participating states
  - 1120 one-time year of entry \$1500 - \$2500
  - 1120 annual maintenance \$500 - \$900
  - 1065 one-time year of entry \$1000 - \$2000
  - 1065 annual maintenance \$500 - \$900
  - 1040 costs to be determined

## The Meetings:



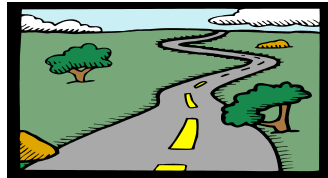
- TIGERS meets 6 times/yr
- Three meetings with ANSI X12
  - Cost roughly \$1000 - \$1875 per meeting + travel
  - No registration fee (\$875) for members
  - Membership \$1500 for states, or sliding scale
  - Membership benefits include free XML tools
- Three meetings sponsored by FTA
  - Cost roughly \$650 per meeting + travel
- Regular Deployment team conference calls

## The Benefits:



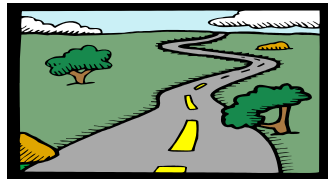
- One standard communications channel for 1120/1065/1040 saves effort and dollars
- XML data is flexible, can be worked with available low-cost tools
- Data standardization across states reduces time and effort for software developers
- States have requested that IRS extend this solution to the Employment taxes

## The Invitation:



- State Deployment Team will be formed to identify Business Rules for Fed/State 1040
- Data “Categories” have been drafted for 1040
- As many participating states as possible needed for initial 1040 data gathering
- State 1040 experts needed for “boil down”
- Industry participants needed for assistance with analysis and processing design

## Questions???



- Terry Garber, TIGERS Chair, SC DOR  
[GarberT@sctax.org](mailto:GarberT@sctax.org)
  - Jonathan Lyon, FTA,  
[Jonathan.Lyon@taxadmin.org](mailto:Jonathan.Lyon@taxadmin.org)
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