



---

# Modernized e-File

**FTA E-File Symposium  
May 2006  
Joan Barr  
Internal Revenue Service  
Electronic Tax Administration**

---





---

## What is Modernized e-File?


- Modernized e-File (MeF) processes Forms 1120, 1120S, 7004, 990, 990-EZ, 990-PF, 1120-POL & 8868
- Transmitter Entry Points
  - EMS
  - Internet Filing Application (browser based)
  - A2A (Application-to-Application/Web Services)
- Transmitters retrieve acknowledgements via same channel through which returns were submitted


---





**MeF Tax Year 2005 Statistics **  
**Through May 1, 2006**  
**Total of 718,905**

	Accepted Returns	Projected Returns	% Projection
1120	66,546	139,300	47.8%
1120S	274,214	308,300	88.9%
7004	374,248	292,800	127.8%
990/990EZ	2,809	12,100	23.2%
8868	1,088	5,300	20.5%



**Corporate Requirement to **  
**e-file**



- IRS announced requirement on January 11, 2005
- Corporations with assets of \$50 million or more that file at least 250 returns must electronically file their Form 1120 or 1120S tax returns in 2006
  - Assets of \$10 million or more for 2007
- 250 returns = number of returns the entity is required to file over the calendar year, regardless of the type of returns filed
  - Includes an aggregate of
    - Income tax returns
    - Returns under Section 6033
    - Information returns (W-2s, 1099s, etc.)
    - Excise tax returns
    - Employment tax returns

## LMSB returns filed through May 1, 2006



	Assets \$10 million or more	Assets \$50 million or more
<b>1120</b>	<b>1,893</b>	<b>1,560</b>
<b>1120S</b>	<b>2,583</b>	<b>1,291</b>
<b>Total</b>	<b>4,476</b>	<b>2,851</b>

21.5 % of returns with assets of \$50 million or more came in through EMS  
78.5% of returns with assets of \$50 million or more came in through A2A



## MeF Application-to- Application (Web Services)

- 37% of all MeF submissions came in through A2A
- In 2006, transmitters must submit state returns to and retrieve state acknowledgements through A2A.
- In 2007, transmitters may also submit state returns to and retrieve state acknowledgements through IFA (Browser based)
- States communicate with IRS only through A2A – states retrieve state submissions from and send state acknowledgements to A2A





## MeF Fed/State Filing on MeF

- MeF acts as single point of transmission and acknowledgement for state returns
- Federal and state returns are separate submissions.
- State return may be
  - linked to federal return by including the submissionID of the federal return in the state header (federal return must be accepted before state return is passed to the state)
  - unlinked (state stand-alone)





## Transactional Processing

- MeF eliminates batch processing. Returns are processed and acknowledged on transactional basis
- Transmissions may contain one or more return but each return is acknowledged as it is processed (independent of other returns in the transmission)
- Federal and state returns may be included in the same transmission
- If transmission contains both federal and state returns, MeF processes all federal returns first
- Best practice is for transmitter to wait until federal return is accepted before submitting state return that is linked to a federal return

## Transactional Processing (Continued)



- Changes to business process
  - Returns are processed as they are received – not on drain schedule
  - State returns are made available to states as soon as each state return has been validated and processed
  - States may request state returns on their own schedule
  - Acknowledgements are returned to transmitters as soon as each return is processed – no waiting for batch
  - This impacts the timing of calls made for Help Desk support

## MeF Fed/State



States planning to participate in Corporate Fed/State

	<b>2006 (16 STATES)</b>	<b>2007 (ADDITIONAL 11 STATES)</b>
	<b>Alabama, Florida, Georgia, Illinois, Kansas, Louisiana, Maryland, Michigan, Missouri, North Carolina, New Jersey, Oklahoma, Pennsylvania, South Carolina, Utah, Wisconsin</b>	<b>Arizona, Colorado, Delaware, Idaho, Indiana, North Dakota, New York, New York City, Oregon, Connecticut, Nebraska</b>



## Form 1065 to be added to MeF in 2007 (TY2006)

- 1065 *e-file* program will be moved to MeF in January 2007
- MeF will leverage existing 1120 schemas for shared forms and business rules. Nine new 1065 forms and 78 shared forms.
- Fed/State option for 1065 will be offered when 1065 moves to MeF



## Questions???

- Joan Barr, IRS, Electronic Tax Administration  
Joan.barr@irs.gov