



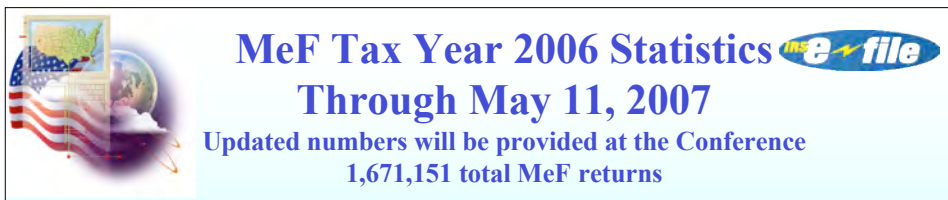
Modernized e-File


FTA E-File Symposium
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What is Modernized e-File?


- Modernized e-File (MeF) processes Forms 1120, 1120S, 7004, 990, 990-EZ, 990-PF, 1120-POL & 8868, 1065/B
- 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 2006 Statistics 
Through May 11, 2007
 Updated numbers will be provided at the Conference
 1,671,151 total MeF returns

	Accepted Returns	Projected Returns	% Projection
1120	109,254	366,500	29.5%
1120S	436,360	900,900	48.4%
7004	800,880	1,085,600	73.8%
1065/1065-B	302,952	250,000	121.2%
990/990EZ	9,328	33,501	27.8%
8868	12,306	18,100	68.0%





Corporate Requirement to e-file 

- IRS announced requirement on January 11, 2005
- Corporations with assets of \$10 million or more that file at least 250 returns must electronically file their Form 1120 or 1120S tax returns in 2007
 - For tax returns in 2006 Assets of \$50 million or more
- 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 11, 2007

Assets \$10 million or more	Assets \$50 million or more
14,093	5,479



MeF Input Channels

- 96% of all MeF submissions came in through A2A (Web Service Requests)
 - EMS 3.8% 2007 62.4% 2006
 - A2A 96.2% 2007 37.3% 2006
 - IFA 0.02% 2007 3% 2006
- Transmitters can submit state returns to and retrieve state acknowledgements through A2A or 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 Participation 31,306 state returns through May 11, 2007

2007 Currently in Live Production	(ADDITIONAL 16 STATES in 2007 or 2008)
<p>Georgia Kansas Maryland - New! Michigan - New! New York State - New! Wisconsin</p>	<p>Alabama, Arizona, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Missouri, North Carolina, New Jersey, New York City, Oregon, Pennsylvania, South Carolina, and Utah,</p>





New for MeF in 2007 (TY2006)

- 1065 *e-file* program moved to MeF in January 2007
- MeF leveraged existing 1120 schemas for shared forms and business rules. Nine new 1065 forms and 78 shared forms were added.
- Fed/State option for 1065 offered – three states participating now – KS, MD, MI. Additional states in 2007 – AL, GA, NC, UT and WI.



What's Next for MeF



- Fall 2007
 - Implementing Forms 2290, 720 and 8849 (Fall 2007)
- January 2008
 - Removing EMS as an input channel
 - Adding Form 1120-F
 - Working on providing Alerts
 - Changing State Manifest per TIGERS request
 - Retiring 1065 legacy e-file program

MeF 1040 Form Strategy

- Funding approved to start the project
- 1040 e-file program moving to MeF in phases
- Phase Schedule
 - Phase I *Coming Soon...*
 - August 2009 Tax Year 2008 with 1040 and 11 federal tax forms and schedules
 - January 2010 Tax Year 2009 with 1040 and 11 federal tax forms and schedules – Tax Year 2008 is also available
 - Phase II
 - January 2011 Tax Year 2010 1040 with all forms and schedules and Tax Years 2008 and 2009 with 11 federal tax forms and schedules
- January 2012 preliminary date to retire 1040 legacy efile program

Tentative Dates






MeF 1040 Form Strategy (continued)

- Fed/State functionality will exist in Phase I (August 2009)
- Finalizing with TIGERS the requirement changes to State manifest to accommodate 1040 processing
- Working with FTA, TIGERS and software developer community to determine the implementation schedule for states and developers
- Re-establishing working groups with external stakeholders



Questions???



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