



## Michigan e-file Mandates

- ▶▶▶ **How:** supported by existing law; initial notification June 2003
- ▶▶▶ **Why:** reduced seasonal staffing; improve customer service
- ▶▶▶ **Who:** preparers with 200+ PIT returns
- ▶▶▶ **Who:** developers must support all eligible PIT and SBT forms



## Michigan e-file Mandates

- ▶▶▶ **Preparers**
  - ▶▶▶ Partnerships and cooperation
- ▶▶▶ **Developers**
  - ▶▶▶ Some flexibility for the 1st year
  - ▶▶▶ 2004 - must support e-file for all eligible forms included in the tax preparation software
- ▶▶▶ **Next Year's Focus**
  - ▶▶▶ Infrastructure
  - ▶▶▶ Volunteer groups
  - ▶▶▶ State-Only (without MI-1040)





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

**July 9, 2003**  
**Income Tax Electronic Filing Mandates**  
**Tax Year 2003**

The Michigan Department of Treasury has recently mandated the electronic filing of income tax returns for preparers with 200 or more clients. As a practical matter, we are looking at this opportunity as a cooperative venture between ourselves and preparers, the taxpayers you service, software developers, the IRS, and other states. This is part of a nationwide effort to increase participation in electronic filing.

E-filing has obvious advantages to the Department of Treasury, not the least of which is optimizing processing efficiencies. We believe the public expects no less from us. But there are other advantages to program participants, regardless of whether refunds are requested, which should be just as obvious. Taxpayers who e-file will receive refunds within seven days in an environment where it may take several months to process a paper return. In addition, computer programs verify data before transmission, thereby eliminating data entry mistakes by the filer or data entry operators. The Department of Treasury also acknowledges receipt of transmitted data within 48 hours, overcoming concerns of paper returns being lost in the mail or misplaced. When e-filing federal and state returns together, much of the same data is used so information is entered only once, again lessening the possibility of error. Practitioners have repeatedly told us how easy and efficient it is to e-file. Many have used cost allocation methods to spread costs among their client database. Some practitioners believe it is more costly to prepare a paper return for their clients and, in fact, charge extra for doing so. In addition, a preparer's clientele will not go elsewhere simply to avoid e-filing because other preparers are faced with similar filing mandates. Treasury will continue to monitor preparer returns to ensure they are in compliance. Finally, all software developers will be expected to provide e-filing software, so preparers will have a wide variety of programs to choose from.

We fully understand that e-filing may be an adjustment for some taxpayers. We certainly hope preparers will focus on the positive promotion of e-filing as a service they offer in addition to quality tax advice and preparation. The Department of Treasury plans to market this program through news releases and advertising information in our instruction booklets, and will participate in seminars this fall. In addition, the IRS maintains a listing of preparers who have volunteered to mentor others who are new to the e-file program. For more information about the IRS program, call (313) 628-3700.



STATE OF MICHIGAN  
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LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

June 9, 2003

Dear Software Developer:

In an effort to optimize operational efficiency and improve customer service, the Michigan Department of Treasury is planning several tax processing changes for next year. A major part of this effort is to mandate electronic filing for individual income tax and single business tax returns beginning in January 2004.

The Income Tax Act, MCL 206.311(1), provides, in part, "The taxpayer on or before the due date set for the filing of a return or the payment of the tax...shall make **out a return in the form and content as prescribed by the commissioner**, verify the return, and transmit it, together with a remittance of the amount of the tax, to the department" (*emphasis added*). In accordance with this statute, I am mandating e-filing for preparers who filed 200 or more income tax returns for tax year 2002.

Software developers producing software for professional tax preparers will need to support all Michigan income tax forms that are eligible for e-file. Information for software developers is available on a secure area of our Web site. Using your assigned user name and password, you can access the secure site from <http://www.michigan.gov/drafttaxforms>. If you need a usercode and password, please call (517) 373-8891.

The Single Business Tax Act, MCL 208.73(1), provides, in part, "An annual or final return shall be filed with the department **in the form and content prescribed by the department...**" (*emphasis added*). Accordingly, I am mandating that all SBT returns using software must be filed through our Internet Portal.

Software developers supporting Single Business Tax e-file for tax year 2003 will need to support all SBT forms that are eligible for e-file. Preparers filing Single Business Tax returns for tax year 2003 must e-file all Michigan returns that are eligible for e-file. Information on SBT e-file is available on our Web site at <http://www.michigan.gov/SBTefile>. We will accept SBT e-file returns requiring payment for tax year 2003.

A teleconference is being planned to address your questions and concerns. You will receive further information on this in the near future.

If you have questions about any of these programs, please contact the Alternative Filing Office at (517) 636-4450, or e-mail to [MIefile2D@michigan.gov](mailto:MIefile2D@michigan.gov). This is a dedicated resource for tax preparers/software developers only and enables Treasury to provide better service to authorized e-file providers. Thank you for your cooperation and support.

Sincerely,

Jay B. Rising  
State Treasurer



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

June 11, 2003

Dear Tax Professional:

As you know, Michigan, as well as states across the nation, is faced with a budget deficit. As a result of the deficit, resources will not be available to process paper tax returns as timely as in the past. Therefore, refunds from paper returns will be delayed. E-filing makes sense from a cost perspective and allows your clients to continue to receive their refunds in 7 days.

Beginning January 1, 2004, practitioners who prepared 200 or more Michigan income tax 1040 returns and credits are required to electronically file (e-file) these forms.

Our records indicate that you filed over 200 tax returns for the tax year 2002. Therefore, you will be required to e-file all eligible income tax returns for the 2003 tax year. For a list of returns eligible for e-file, please see Information for Tax Preparers at [www.Mifastfile.org](http://www.Mifastfile.org). Treasury will continue its analysis to identify additional preparers meeting this criterion.

E-file needs you to be successful. Beginning in 2004, Treasury will be monitoring tax returns as they are filed.

For many preparers, e-filing will be a new experience. Before you can e-file Michigan returns you must become an Electronic Return Originator (ERO). The first step is to submit Form 8633, *Application to Participate in the IRS e-file Program*. Information is available on the IRS Web site at <http://www.irs.gov/taxpros/providers>. Once accepted by the IRS, enrollment in the Michigan e-file program is automatic. The *Michigan Income Tax e-file and 2-D Barcode Handbook*, related publications, and program updates are published on our Web site at [www.Mifastfile.org](http://www.Mifastfile.org). Please look here periodically for new information.

If you have questions, please contact the Alternative Filing Office at (517) 636-4450, or e-mail to [Mlfile2D@michigan.gov](mailto:Mlfile2D@michigan.gov). This is a dedicated resource for tax preparers/software developers only and enables Treasury to provide better service to authorized e-file providers. The Alternative Filing Office is not able to provide return status information.

**For Your Information:** If you also prepare Single Business Tax returns, software developers have been advised that all SBT returns prepared with software must be e-filed through Michigan's Internet portal.

Thank you for your cooperation and support.

Sincerely,

Jay B. Rising  
State Treasurer



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
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JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

October 27, 2003

Dear Tax Professional:

The Michigan Department of Treasury is committed to bringing the advantages of technology to our work, wherever it can improve efficiencies and accuracy, reduce costs, and enhance the state's filing, refund and/or audit processes. As part of this continuing effort, practitioners who prepare 200 or more Michigan income tax 1040 returns and credits are required to electronically file (e-file) these forms, effective January 1, 2004.

Our records indicate that your firm filed more than 200 tax returns for the tax year 2002. Therefore, you will be required to e-file all eligible income tax returns for tax year 2003. For more on this requirement, Michigan's *Alternative Filing Programs Handbook for Tax Preparers*, related publications, and program updates, visit [www.MIfastfile.org](http://www.MIfastfile.org). Please check back periodically for the very latest information.

E-filing will be a new experience for some tax preparers. It is important to note that, before you can e-file Michigan returns you must become an Electronic Return Originator (ERO). To do this, submit Form 8633, *Application to Participate in the IRS e-file Program*, to the Internal Revenue Service. Information is available on the IRS Web site at <http://www.irs.gov/taxpros/providers>. Once accepted by the IRS, you are automatically enrolled in Michigan's e-file program.

If you have questions, please contact the Alternative Filing Office at (517) 636-4450, or e-mail to [MIefile2D@michigan.gov](mailto:MIefile2D@michigan.gov). This is a dedicated resource for tax preparers/software developers only and enables Treasury to provide better service to authorized e-file providers. The Alternative Filing Office is not able to provide return status information.

**For Your Information:** If you also prepare Single Business Tax returns, software developers have been advised that all SBT returns prepared with software must be e-filed through Michigan's Internet portal.

Thank you for your cooperation and support.

Sincerely,

Ronald Rhoda, Director  
Tax Processing Bureau