

ARIZONA

Figures reported as of 4/30/2005

Total Returns processed: 2,092,843

Total E-file returns: 973,467

Total Internet (direct files): 0

Total Fed-State (piggyback) returns: 946,756

Total 2-D barcode returns: 263,852

Total State Only/Multi State: 26,711

Total Free-File Alliance:

Total Non-Resident Returns: 19,268 / PartYear Returns: 24,024

Total Prior Year Returns: 0

Mandates for 2005 filing season: None

List top filing season problems/issues:

Matching Acknowledgement GTX Key to Return

Electronic signature on State-only Returns

Claiming “stillbirth” dependents on AZ return

List top achievements

18% growth rate - E-file

24% growth - 2D barcode

48% increase in direct debit

6% increase in direct deposit

Eliminated need for AZ 8453

Eliminated separate ERO registration

Fed/State Acknowledgements – Priceless

2D barcode enabled fillable forms on website

Added 3 new developers

Added 3 forms to the 2D barcode offering for vendors

All credit forms available for e-file

Scenarios available earlier than previous years

PATS approvals earlier

Summary of Changes for 2006 Filing Season and Beyond

E-File Offerings – Fed/State 1120 and 1165

2-D Barcode Implementation/Changes – Adding 52 forms thru 2008

Payment Alternatives – EFTPS – After pilot project is completed

Business E-File – Credit Card Payments, FSET, and Bulk Filing for TPT

ARKANSAS

Dan Brown

E-File Manager

Dan.Brown@rev.state.ar.us

Figures reported as of (date): May 2, 2005

1. Total returns processed: 822,139
2. Total E-file returns: 578,474
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): 0
4. Total Fed-State (piggyback) returns: 559,654
5. Total 2-D Barcode returns: N/A
6. Total State Only/Multiple State returns (if captured): N/A
7. Total Free File Alliance - Free State Returns (if applicable) N/A
8. Total non-resident returns:
22,819 E-FILE N/R
9. Total prior year returns: N/A
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. NO MANDATE
11. List top filing season problems/issues:
New ACK process
Direct Deposit Mismatches
12. List top achievements this filing season:
Learning ACK process

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings:
Planning to add additional State forms.
2. Enhancements to direct web file programs: Planning stages.
3. 2-D Barcode implementation/changes: N/A
4. Forms: Minor changes
5. Payment alternatives: No change
6. E-file mandate (individual and/or business tax): No
7. Other changes/enhancements:
8. We would also like to know about any changes/enhancements to your business tax e-file programs: No business tax e-file yet.

CALIFORNIA

Individual Income Tax E-file:
Sean McDaniel or Kristie Avila
e-file.coordinator@ftb.ca.gov

2-D Barcode
N/A for CA

Business Tax E-file
Sean McDaniel or Christine Diller
e-file.coordinator@ftb.ca.gov

Figures reported as of (date): 5/4/05

1. Total returns processed: 11,921,539
2. Total E-file returns: 7,654,132
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): 160,541
4. Total Fed-State (piggyback) returns: 0
5. Total 2-D Barcode returns: 0
6. Total State Only/Multiple State returns (if captured):N/A
7. Total Free File Alliance – Free State Returns (if applicable):N/A
8. Total non-resident returns: 182,511
9. Total prior year returns: N/A
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date.
Yes. Effective Jan. 2003. If taxpayer prepares more than 100 returns using software they must e-file all of their subsequent returns.
11. List top filing season problems/issues:
First year of electronic signature- Dealt with related software and reject issues.

A few odd software errors (not capturing required info) that was compounded by high volume of e-file returns in general.

Top achievements this filing season:

1. 55% of all returns e-filed.
2. Set records with 4 straight days of over 200,000 e-file returns received per day.
3. Improved internal processing system. Now process e-file returns every 10 minutes
4. Brought e-file up on Jan 2nd (2 weeks early)
5. Began PATS testing on 11/22. (3 weeks early)

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings

Business entities e-filing (Corp) to begin Jan. 06

2. Enhancements to direct web file programs

Not yet determined.

3. 2-D Barcode implementation/changes

N/A

4. Forms

N/A

5. Payment alternatives

No changes planned to current offerings

6. E-file mandate (individual and/or business tax)

No changes to current mandate

7. Other changes/enhancements

Transmission of business returns will take place through a secure internet transmission solution.

8. We would also like to know about any changes/enhancements to your business tax e-File programs.

See above.

COLORADO

Steve Asbell
Colorado Dep't of Revenue

| 2005 | 2004 |
|--|-----------|
| Total returns processed as of April 29 | |
| 1,470,998 | 1,440,251 |
| Fed/State ELF & Online | |
| 777,743 | 683,809 |
| Colorado NetFile(web) | |
| 101,531 | 76,719 |
| Colorado Telefile | |
| 22,829 | 30,187 |
| Total E-file | |
| 901,833 | 790,715 |
| 2D Barcode | |
| 73,117 | 57,505 |

Summary of Changes for 2006 Filing Season and Beyond

Forms - There will be some additional contribution check-offs for 2005. Colorado also has a ballot issue up for a vote in November that could result in last-minute changes to our form.

Other changes/enhancements:

Colorado is considering adding some forms related to certain credits as unformatted records, such as our DR 0074, DR 1316 and DR 1305.

Colorado does not currently accept unformatted "statement records."

We plan to modify our system to ignore rather thanabend when such records are received.

CONNECTICUT

Figures reported as of (date): May 6

1. Total returns processed 1,600,000
2. Total E-file returns 572,369
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns)743298
4. Total Fed-State (piggyback) returns
5. Total 2-D Barcode returns
6. Total State Only/Multiple State returns (if captured)Not Captured
7. Total Free File Alliance – Free State Returns (if applicable)N?/
8. Total non-resident returns 37,652
9. Total prior year returns
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. Yes. Preparers who prepared 200 or more 2004 returns are required to efile 2005 returns. The threshold is reduced from 200 to 100 the following year and to 50 in the 3rd year.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings No major changes
2. Enhancements to direct web file programs No major changes planned
3. 2-D Barcode implementation/changes
4. Forms
5. Payment alternatives
6. E-file mandate (individual and/or business tax)Yes
7. Other changes/enhancements
8. We would also like to know about any changes/enhancements to your business tax e-file programs.

DISTRICT OF COLUMBIA

Individual Income Tax E-file – Sonja Peterson Thornburg, sonja.peterson@dc.gov

2-D Barcode – Don Tucker, don.tucker@dc.gov

Business Tax E-file – Sonja Peterson Thornburg, sonja.peterson@dc.gov

Figures reported as of (April 29, 2005):

1. Total returns processed
2. Total E-file returns – 104,586
3. Total Internet-filed returns (accessed through the agency’s web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) – 8,305
4. Total Fed-State (piggyback) returns – 96,201
5. Total 2-D Barcode returns - 0
6. Total State Only/Multiple State returns (if captured) – data not available
7. Total Free File Alliance – Free State Returns (if applicable) – n/a
8. Total non-resident returns -
9. Total prior year returns
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. No mandates currently in place for Individual Income
11. List top filing season problems/issues:
RAL accounts – returned ACH items and confused taxpayers
12. List top achievements this filing season: Over 100,000 electronically filed individual income tax returns for

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings – We are looking to add the D-40B Non-resident return
2. Enhancements to direct web file programs – eCheck payments for individual income tax, estimated tax and extensions
3. 2-D Barcode implementation/changes – no plans at this time
4. Forms – none at this time
5. Payment alternatives – eCheck (see above)
6. E-file mandate (individual and/or business tax) – none at this time
7. Other changes/enhancements – n/a
8. We would also like to know about any changes/enhancements to your business tax e-file programs – we are strongly considering the fed/state 1120.

GEORGIA

Individual Income Tax E-file: Edith D. Bass - Edith.Bass@dor.ga.gov
2-D Bar Code: Cynthia Johnson - Cynthia.Johnson@dor.ga.gov
Business Tax E-File: Michelle Oden - Michelle.odendor.ga.gov

Figures reported as of: 05/01/05
Total returns Received: 2,674,137
Total E-file Returns: 1,981,494
Total Internet – filed returns: Not Applicable
Total Fed-State (piggyback) returns: 1,925,198
Total 2-D Barcode returns: 245,558
Total State only /Multiple State returns: Not captured
Total Free File Alliance/Free State returns: Not Available
Total Non-resident returns: Not available
Total Prior year returns: None for e-file (paper only)
Mandate in place for 2005 filing season? None

Top filing season problems/issues:
2D itemized deduction problems with 2 vendors

Top achievements this filing season:
Expanded direct deposit to 2D

Summary of Changes for 2006 Filing Season

E-file offerings Individual: No Changes
Enhancements to direct web file programs: N/A
2-D Implementation/Changes: No changes
Forms: No Changes
Payment alternatives: Accepting credit card payments started in March 2004.
E-file mandate (individual or business tax): Not Applicable
Changes/enhancements to business tax e-file programs:
We will offer Corporate tax e-file for 2005

HAWAII

Electronic Processing Unit
Tax.Efile@hawaii.gov

Figures as of 4/29/2005

Total e-file returns: 155,968

Total I-filed returns: 3,135

Total fed/state rtns: 152,833

2D barcode is not applicable

State only is not applicable

Free File Alliance is not applicable

Total non-resident returns: 21,376

No mandates

Top Problems

Our rejects were a little high this year - as mentioned we're checking with IRS.

Top Achievements

Well, I guess it's good we're ahead of last year!

Summary of changes for 2006

1. E-file offerings - will include N-15 (part-year/non-resident return)
2. Enhancements to direct web file - possibly include N-11 (full year resident) and N-15 returns
3. 2-D barcode - not applicable
4. Forms - N-11 and N-15 imangible
5. Payment alternatives - possibly accept credit card
6. E-file mandate - none
7. Other - no changes
8. Business tax e-file - no changes

IDAHO

Individual Income Tax E-file: Dawn Glazier dglazier@tax.idaho.gov

2-D Barcode: same as above

Business Tax E-file: same as above

Figures reported as of: April 30, 2005

Total returns processed: 541,064

Total E-file returns: 296,951

Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State Online returns): N/A

Total Fed-State (piggyback) returns: 284,003

Total 2-D Barcode returns: 42,091

Total State Only/Multiple State returns (if captured): State only – 12,948

Total Free File Alliance – Free State Returns (if applicable)

Total non-resident returns: 19,334

Total prior year returns: 8,947

Mandate for 2005 filing season? No

Top filing season problems/issues:

Missing schedules are in our file but will not archive because the developer has not sequenced them correctly.

Part year/Nonresident returns incorrectly done. Developers need to follow our instructions for Nonresident/part year returns.

Edits for on-line filers. On-line service providers need to simplify their questions asked during tax preparation. Many errors on this type of filing.

Preparer errors, preparers not knowing their software, trusting it too much.

Top achievements this filing season:

Received more e-filed returns

Implemented 2-D barcode on our resident tax return

Summary of Changes for 2006 filing season and beyond:

E-file offerings – nothing

Enhancements to direct web file programs – N/A

2-D Barcode implementation/changes – No decisions have been made at this time

Forms – legislation added more credits; may go to a separate schedule; no final decision yet

Payment alternatives – None

E-file mandate (individual and/or business tax) – None

Other changes/enhancements – No decisions final

Changes/enhancements to business tax e-file programs – Idaho is currently involved with the Fed/State combined filing of corporate tax. Implementation is not planned until 2007 processing year.

ILLINOIS

Individual Income Tax E-file:

Kevin A. Richards, Manager Electronic Commerce Division

Illinois Department of Revenue

101 West Jefferson Street

Springfield, Illinois 62702

krichards@revenue.state.il.us

(217) 782-3664

2-D Barcode:

Myra Orr

morr@revenue.state.il.us

(217) 524-6116

Business Tax E-file:

Kelly Johnson

kjohnson@revenue.state.il.us

(217) 524-6113

Figures reported as of (date): May 2, 2005

1. Total returns processed 4,289,315; 2,386,353 electronic, 1,902,962 paper (Projected 5.7 million total returns by the end of October 2005)
2. Total E-file returns 2,386,353
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) 250,788 returns through agency's web program. 313,916 through PC-File returns through commercial prep software package.
4. Total Fed-State (piggyback) returns 423,033 Fed/state 1,286,122 direct filed
5. Total 2-D Barcode returns 684,783
6. Total State Only/Multiple State returns (if captured)
7. Total Free File Alliance – Free State Returns (if applicable)
8. Total non-resident returns
9. Total prior year returns
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. At this point in time no mandates are in place for 2005 or 2006 for Individual Income tax returns for individuals or tax professionals.

Top achievements this filing season:

Electronic Filing will end up with approximately 43% market share of individual income tax returns filed in Illinois. This in an increase of 5% for total market share over last year. We had an increase of around 12% over last years total number of electronic returns. Overall the program continues to grow at a

double digit pace. Tax professionals registered in Illinois electronic filing program increased over 36%. We went from 15,000 tax professionals to over 20,500.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings

Changes are being reviewed.

2. Enhancements to direct web file programs

Will allow direct debit payments for taxpayers using paid or free tax prep software packages.

3. 2-D Barcode implementation/changes

Changes are being reviewed.

4. Forms

Changes are being reviewed.

5. Payment alternatives

Will allow direct debit payments for taxpayers using paid or free tax prep software packages.

6. E-file mandate (individual and/or business tax)

No mandates are planned at this point in time.

7. Other changes/enhancements

8. We would also like to know about any changes/enhancements to your business tax e-file programs.

We will be joining the Fed/State 1120 Electronic Filing program when the IRS implements the Fed/State option.

In May 2005 will be publishing specifications for electronic filing of sales tax returns for taxpayers that use tax prep software.

We are anticipating a large number of software companies that support Illinois Sales tax returns to offer this electronic filing option to their customers.

In October 2004 the department implemented a free electronic filing and payment option via our website for sales tax filers.

In August 2004 the department implemented FSET program for withholding. We will be marketing this program to large payroll providers in 2005.

Illinois is also a pilot state for the Fed/State EFTPS pilot program. This program is planned to be implemented in 2006.

INDIANA

Bill Dunbar

bldunbar@dor.in.gov

As of April 29, 2005, Indiana has brought in 1,330,421 Individual Income Tax Returns from some source of Electronic Filing Program (Does Not include 2-D Bar Code Returns). Over all this is an 11% increase of electronic returns from the previous year.

| PROGRAM | Tax Year 2004 | Tax Year 2003 |
|---------------------------|---------------|---------------|
| Federal/State E-File | 939,071 | 855,470 |
| Federal/State OnLine | 266,248 | 220,622 |
| Federal/State TeleFile | 56,915 | 64,815 |
| Indiana I-File (Internet) | 68,187 | 60,077 |
| TOTAL | 1,330,421 | 1,200,984 |

As you can see from these stats, the TeleFile Program was the only program that experienced a reduction in filing. As of this same filing period, we have also seen a decrease of about 16% in 2-D Bar Code returns as well (TY 2004 = 354,968 vs. TY 2003 = 420,431). We are still processing a pretty good number of the 2004 2-D Bar Code returns that were mailed in on April 15th.

Indiana looks forward to working with the Software Companies in the development of the PATS Tests (provided there is only one set of PATS Tests for all vendors). We would also like to work a little closer with them to nail down the W-2 Detail Information that Indiana put in place within the past couple of years.

As of this writing there are no major Individual Income Tax law changes that would cause any major changes to our Income Tax forms.

Indiana has implemented a Business Tax Program called INTax, which I believe will be discussed during this Symposium. The program is to allow businesses to register On-Line in order to file and pay any business tax due through the Internet.

We are looking into joining the Federal/State 1120 e-filing. However, we do not believe we will be ready to join the program until later in the year of 2006 or January 2007.

IOWA

Individual Income Tax E-file

Individuals & Preparers: Leann.Boswell@idrf.state.ia.us

Developers: Peter.Johann@idrf.state.ia.us

Individual Income figures reported as of **May 5, 2005**:

1. Total returns processed: **1.2M so far, 1.3M+ expected by year's end**
2. Total E-file returns: **854,000 (up 7%)**
3. Total Internet-filed returns: **none, Iowa joined FFA**
4. Total Fed-State (piggyback) returns: **799,100**
5. Total 2-D Barcode returns: **none, Iowa does not use 2-D**
6. Total State Only/Multiple State returns: **35,000 / 3,600**
7. Total Free File Alliance – Free State Returns: **indeterminate**
8. Total non-resident returns: **120,000**
9. Total prior year returns: **22,000**
10. Mandate in place for 2005 filing season? **No**

List top achievements this filing season:

Overall, E-File is up 7% (Fed/State is up 10%, TeleFile is down 1.7%, WebFile (discontinued for FFA) had historically accounted for 3% of e-file volume.

Summary of Changes for 2006 Filing Season and Beyond

1. Individual E-file offerings: **Fed/State, FFA, maybe continue TeleFile**
2. Enhancements to direct web file programs: **discontinued for FFA**
3. 2-D Barcode implementation/changes: **no plans to offer it**
4. Forms
5. Payment alternatives: **Check, Credit Card, ACH-Debit @ dept's website**
6. E-file mandate (individual and/or business tax): **none**
7. Other changes/enhancements
8. We would also like to know about any changes/enhancements to your business tax e-file programs: **new Web & IVR business tax apps developed with vendor**
 - a. **Withholding – January 2005**
 - b. **Sales – July 2005**
 - c. **Consumers Use – October 2005**
 - d. **Motor Fuel – January 2006 (projected)**
 - e. **Individual & Corporate Payments – January 2006**

KANSAS

Individual Income Tax E-file:

Terry Hunt, Terry_Hunt@kdor.state.ks.us

Business Tax E-file:

Terry Hunt, Terry_Hunt@kdor.state.ks.us

Figures reported as of (date):4/15/05

1. Total returns processed: 1,271,963
2. Total E-file returns: 589,068
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): 42,264
4. Total Fed-State (piggyback) returns: 538,265
5. Total 2-D Barcode returns: N/A
6. Total State Only/Multiple State returns (if captured): 50,803
7. Total Free File Alliance – Free State Returns (if applicable): N/A
8. Total non-resident returns
9. Total prior year returns: 1,435,784
10. Mandate in place for 2005 filing season? NO If yes, briefly describe the mandate and list effective date.

Top achievements this filing season:

13% e-file gain over last year, 25% increase in direct payment (debit) requests.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings : adding credit schedules to unformatted record for Itax
2. Enhancements to direct web file programs
3. 2-D Barcode implementation/changes
4. Forms: revising credit schedules to make more user-friendly for e-file
5. Payment alternatives: adding extension payment option through DOR's website
6. E-file mandate (individual and/or business tax): decided not to propose mandate for 2006, but may for 2007.
7. Other changes/enhancements
8. We would also like to know about any changes/enhancements to your business tax e- file programs: participating in fed/state e-file of corporate taxes including the KS credit schedules. Also will be participating in fed/state EFTPS program and fed/state e-file for partnership now in development.

LOUISIANA

Individual Income Tax E-file - Kay Wilson

e-mail: Kay.Wilson@la.gov

2-D Barcode - Jeannie Rasmussen

e-mail: jeannie.rasmussen@la.gov

Business Tax E-file - Naomi Foret

e-mail: naomi.foret@la.gov

Figures reported as of (date): May 5, 2005 NOTE: Due date is not until May 15th

1. Total returns processed - 1,490,242
2. Total E-file returns - 788,817
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) - 60,044
4. Total Fed-State (piggyback) returns - 728,773
5. Total 2-D Barcode returns - 134,263
6. Total State Only/Multiple State returns (if captured) - ?
7. Total Free File Alliance - Free State Returns (if applicable) - N/A
8. Total non-resident returns - 100,104
9. Total prior year returns - approximately 1.9 million
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. - NO

Top filing season problems/issues:

Problems with developer errors, duplicate files and bad direct debit information.

Top achievements this filing season:

Approximately 15% more electronic returns this year than last year.

Implemented electronic filing of Non-resident returns.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings - Participation in the fed/state 1120 program is planned.
2. Enhancements to direct web file programs -
3. 2-D Barcode implementation/changes I know we will need to make modifications to the form but I do not know if we are going to have new forms added.
4. Forms
5. Payment alternatives - Plan on implementing credit card payments.
6. E-file mandate (individual and/or business tax) - None at this time.
7. Other changes/enhancements
8. We would also like to know about any changes/enhancements to your business tax e-file programs.

MARYLAND

Individual Income Tax E-file

Jeane Olson Jolson@comp.state.md.us and Van Jones
vjones@comp.state.md.us

2-D Barcode

Lewis Koenig lkoenig@comp.state.md.us

Business Tax E-file

Jeane Olson jolson@comp.state.md.us and Van Jones
vjones@comp.state.md.us

Figures reported as of (date): 05/05/05

1. Total returns processed 2,154,637
2. Total E-file returns 1,100,323
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) 108,131
4. Total Fed-State (piggyback) returns 993,192
5. Total 2-D Barcode returns 144,333
6. Total State Only/Multiple State returns (if captured) State Only - 58,827
7. Total Free File Alliance - Free State Returns (if applicable) N/A
8. Total non-resident returns 25,808
9. Total prior year returns 5,678
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. NO

Top achievements this filing season:

Successful conversion to
IRS Ack System.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings - Possible addition of Form 500DM, Possible addition of foreign address.
 2. Enhancements to direct web file programs None
 3. 2-D Barcode implementation/changes
 4. Forms Although our legislative session is over, all bills have not yet been signed by our Governor. We are evaluating potential form changes now and will have additional information in a few weeks.
 5. Payment alternatives No changes
 6. E-file mandate (individual and/or business tax) No changes
 7. Other changes/enhancements
 8. We would also like to know about any changes/enhancements to your business tax e-file programs.
- Maryland is also planning to participate in F/S 1120 in Jan 06 for tax year 05.

MICHIGAN

Michigan Contact Information:

General: Carolyn S. French
Frenches@michigan.gov

E-File and 2-D Barcoding: Annette L. Olivier-Wolfe
Wolfeal@michigan.gov

Total personal income tax (PIT) returns received: 3,894,131 including any 2-D returns for prior tax years that were received in processing year 2005 (as of 4-26-05)

Income Tax e-file:

- 2,645,496 e-file Returns – (68% of total returns filed)
- Internet Returns – Michigan does have a direct Internet file program for PIT
- 528,468 On-Line returns – (14% of total returns filed)
- Fed/State Returns – 2,013,410
- 108,897 State-Only Returns With MI-1040
- 3,107 State-Only, Credit-Only Returns (Without MI-1040)
- The total number of free file returns is not yet available.

Income Tax 2-D Barcoding:

- 572,554 returns received as of 5-3-05

Other Income Tax Information :

- 35,928 non-resident returns
- 51,338 prior year returns
- 33,551 credit to other state returns

Single Business Tax (SBT) e-file:

- 45,738 annual returns filed via Internet Portal for tax year 2004
- 2,369 annual returns for prior tax years filed via Internet Portal

Mandates:

Michigan's e-file mandate went into effect January 1, 2004 for tax year 2003. Preparers filing 200 or more PIT returns are required to e-file all eligible returns supported by their software. Software developers are required to support e-file for all eligible PIT forms that are included in their tax preparation software.

Filing Season Issues Related to Fed/State Acks:

- Initially, foreign acknowledgments were being sent to Kansas City. Resolved April 19, 2005 - foreign acknowledgments are now being sent to Philadelphia.

Other Filing Season Issues:

PIT E-filing Issues:

- Developers not providing information on forms not supported (recurring, different vendors). Or changing forms supported during the testing process without informing us.
- Software developers start testing late in the season, expecting a quick approval (recurring, usually the same vendors).
- Software products are creating and submitting blank forms.
- Sending the Schedule CR-5 without the required MI-1040CR-5 (one vendor, resolved)
- Fields formatted incorrectly and vendors not using updated file specifications. For example, negative numbers are being transmitted in fields that are defined as positive only and using prior year field codes.
- Married filing separate returns: When return was filed as married joint in previous year, software is transmitting spouse's name with the married filing separate returns. Spouse's SSN is not transmitted. This was brought to our attention by tax preparers who were seeing the spouse's name appear on the printed copy of the return.

2-D Barcoding Issues:

This was the first year Michigan used a separate barcode datasheet. The datasheet can contain two barcodes. One for the personal income tax return (MI-1040) and one for the home heating credit claim (MI-1040CR-7).

- Software prints one barcode on the 2-D barcode datasheet, but both forms are attached.
- The barcode printed on the datasheet does not match the taxpayer information printed on the datasheet and return.
- Some demographic barcodes contain actual tax return data requiring us to determine what to do in that case. We are working with the NACTP to develop some standards for demographic barcodes.
- W-2/1099 data is missing or incomplete after the first W-2/1099 is entered. This can result in processing delays and/or correspondence to the taxpayer. Discussions with software developers revealed that preparer packaged software is designed for easier completion of multiple W-2 and 1099 data. The data is entered in a fillable form so as to alleviate the need to repeat questions for each W-2/1099 form's data. It appears that this causes the data collected from the second through fifth W-2 forms and the second through third 1099 forms to be left out of the barcode. Our test number 5 was designed to catch these problems. However, we have found some software products that tested properly, are not functioning in the same manner after the software was released. It is possible that the developer may have only tested the program for their on-line product and did not test the professional product, which would explain the differences we are seeing. We are considering requiring developers to test their 2-D barcode on-line and professional products separately, as is done in e-file.

SBT E-filing Issues:

- Formatting the decimal type for the CreditPercent element incorrectly (recurring, same vendor).

- Ending file period submitted for fiscal year filers is before the beginning date (recurring, same vendor).

Issues Related to Expansion of the Generic Record:

Michigan's first preference would be no changes to the Generic Record other than the addition of a new field for the C/O address line. The other fields proposed would not be of benefit to Michigan. Adding these fields will require programming changes for us.

We would like to see a separate C/O address field. Our first preference is to add a new C/O line as field 0074. This should eliminate or reduce postal addressing problems. Our second choice would be to designate Address Line 1 for the C/O address. This would ensure that the C/O information is always placed in the first address line. Again, this should eliminate or reduce postal addressing problems. Using Address Line 2 for the C/O does not work for us and results in potentially undeliverable mail.

Issues Michigan Experiences Each Year:

- Preparers inconsistently include W-2 and 1099 information in 2-D barcoded returns.
- Developers not providing information on forms not supported prior to first PATS submission (recurring, different vendors). Or, changing forms supported during the testing process without informing us (one-time situation so far).
- Software developers start testing late in the season, expecting a quick approval (recurring, usually the same vendors).

Summary of Changes for 2006 Filing Season and Beyond:

- **E-file Offerings:** No major changes are planned for the PIT e-file program.
- **Enhancements to Direct Web file Programs:** Michigan does not currently support a direct Web file program for PIT returns.
- **2-D Barcode Implementation/Changes:** No major changes are planned for the 2-D barcode program.
- **Payment Alternatives:** No immediate plans.
- **E-file Mandate:** Preparers with 200 or more PIT returns are required to e-file all eligible returns that are supported by their software. Software developers are required to support e-file for all eligible PIT and Single Business Tax (SBT) forms that are included in their tax preparation package. Preparers, in turn, are required to e-file all eligible SBT returns supported by their software.
- **Other Changes/Enhancements:**
- **Changes/Enhancements to Business Tax e-file Programs:** Michigan will participate in the 1120 fed/state e-file program. Michigan also plans to continue to offer a direct e-file program for Single Business Tax returns using our Internet portal and revise the direct e-file schema element names to agree with the 1120 fed/state master schema.
- Focus on developers supporting State-Only, Credit-Only, to ensure senior citizens are able to take advantage of e-file for the homestead property tax and home heating credit claims.

New Forms: None known at this time.

New Payment Alternatives: None

Program Enhancements: Focus on improving infrastructure.

Topics for e-file Coordinator Meeting:

- Developers' responsiveness to state inquiries or concerns during and after PATS.

MISSISSIPPI

Individual Income Tax E-file

Natalie Michael nmichael@mstc.state.ms.us

Business Tax E-file

Natalie Michael nmichael@mstc.state.ms.us

Mississippi statistics as of 5/5/2005

Fed/state ELF/Online 576,547

Telefile 5,232

Total 2-D Barcode returns N/A

Total State Only/Multiple State returns (if captured) not captured

Total Free File Alliance - Free State Returns (if applicable) not captured

Total non-resident returns- not captured

Total prior year returns- not available

Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date.- Not yet determined, but we are currently discussing

Top achievements this filing season:

Electronic Filing increased 11% over last year

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings -under review
2. Enhancements to direct web file programs -n/a
3. 2-D Barcode implementation/changes -n/a
4. Forms -under review
5. Payment alternatives -under review
6. E-file mandate (individual and/or business tax) -currently in discussion for individual mandates
7. Other changes/enhancements -internet filing for withholding and sales tax (withholding began May 2005)
8. We would also like to know about any changes/enhancements to your business tax e-file programs.

MISSOURI

Summary of 2005 Filing Season (Missouri)

Individual Income E-File: Jerry Wingate jerry.wingate@dor.mo.gov
2-D Barcode: Mitzi Crump mitzi.crump@dor.mo.gov
Business Tax E-File: Jerry Wingate jerry.wingate@dor.mo.gov

1. Total returns processed: 2.2 million
2. Total E-File returns: 1.3 million
3. Total Internet-Agency filed: None
4. Total Fed/State returns: 1.3 million
5. Total 2-D Barcode returns: 340 thousand
6. Total State Only returns (Does not include multi-state) 73 thousand
7. Total Free File Alliance: No data available
8. Total Non-Resident returns: No data available
9. Total prior year returns: None
10. Mandate in place for 2005 filing season?

Top filing season problems/issues:

Refund anticipation loans!!!
Increase in fraudulent returns.

Top filing achievements:

Acknowledgments went well.

Summary of Changes for 2006 filing season and beyond

Efile offerings: Fed/State Corporate 1120 program goes live.
Enhancements to direct web file: None
2-D Barcode: No changes.
Forms: Incomplete.
Payment alternatives: None
Mandates: Individual for practitioners who file more than 200 returns. Monthly Withholding mandate beginning in July 2005.
Other: PATS results will be in electronic format instead of fax.
Business tax e-file programs: Adding tax types to online system, including limited Sales tax filing.

NEBRASKA

Summary of 2005 Filing Season for Individual Income Tax

Individual Income Tax E-file:
Larry Chapman
Electronic Commerce Section
Nebraska Department of Revenue
(402) 471-5619
Larry.Chapman@rev.ne.gov

Brian Catlin
Electronic Commerce Section
Nebraska Department of Revenue
(402) 471-5785
Brian.Catlin@rev.ne.gov

2-D Barcode:(None)

Business Tax E-file:
(Same as Individual Income Tax E-file).

Figures reported as of 04/29/2005:

1. Total returns processed: 747,887
2. Total E-file returns: 444,080 (includes Fed/State, Telefile (34,771) and Webfile)
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): 11,163
4. Total Fed-State (piggyback) returns: 398,146
5. Total 2-D Barcode returns: None
6. Total State Only/Multiple State returns (if captured): 26,851
7. Total Free File Alliance – Free State Returns (if applicable): None (not a participant)
8. Total non-resident returns: 35,248 (e-file only)
9. Total prior year returns: None (not supported in e-file)
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date.
None (no mandate is planned)

Top filing season problems/issues:

Not accepting decedent returns
Nebraska Schedule II (Credit For Tax Paid To Another State) errors

Top achievements this filing season:

Surpassing 50% e-file (59.38% - up 11.82% from last year)
Increase in EFW payments (up 7.29% from last year)

Summary of Changes for 2006 Filing Season and Beyond:

Nebraska is again this year considering our options between continuing our Web file program and the Free File Alliance. A decision will hopefully be reached by early fall.

Tax Year 2005 we will eliminate Nebraska Form 4136N from individual income tax e-file. This credit will be reported to our Motor Fuels section in future years.

We received 87,891 Fed/State Online returns this tax year.

Our top 3 Reject Codes were: Return already on file (509), Nebraska Schedule II missing lines (381), and Nebraska Schedule II entered for missing or invalid state abbreviation (325).

The Nebraska Legislature has passed a bill reducing the EFT mandate from \$100,000 in payments in the prior year to \$20,000. Mandated taxpayers will be phased in over the course of the year.

Nebraska is moving forward with participation in the Streamlined Sales Tax project. It is our intent to implement a rates and boundaries inquiry system by mid-year.

We are very interested in participating in the Fed/State 1120 program, but because of other projects, we cannot commit to a time table for it at this time.

NEW YORK

Individual Income Tax E-file Ping_wu@tax.state.ny.us

2-D Barcode Michael_Schenkel@tax.state.ny.us

Business Tax E-file Ping_wu@tax.state.ny.us, Ron_LeClair@tax.state.ny.us

Figures reported as of (date): 4/30/05

1. Total returns processed 6,319,602
2. Total E-file returns 2,918,443
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns)
Not for returns, for filing extension only.
4. Total Fed-State (piggyback) returns 2,918,443
5. Total 2-D Barcode returns 817,603
6. Total State Only/Multiple State returns (if captured)
7. Total Free File Alliance – Free State Returns (if applicable)
60,733
8. Total non-resident returns 181,785
9. Total prior year returns: None
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date.
No

Top filing season problems/issues:

Some software developers errors caused a lot of work on our end to process the affected returns correctly.

e.g.

- two dependents transmitted as "20".
- carried forward the bank account info from the federal return to the NY return for direct debit when the taxpayer did not intend to. Consequently, NY debited the taxpayer's account for the tax due without the taxpayer's permission.
- erroneously included the "rollover" (reported on the 1099R) in the "Pension and annuity income exclusion" line of a return,
- NYC Earned Income Tax Credit was calculated but was not included on the proper line

to claim it.

Top achievements this filing season:

- successfully developed and implemented our e-file data translation program (we used to pay a service provider to develop and maintain the translation program, and pay a per return processing fee), saving the state millions of dollar each year. We also streamlined the e-file program: support only the fed/state e-file program, eliminated the independent e-file program, with little impact to the e-file community.
- increased ERO participation by over 105%
- increased e-file returns by 19%
- decreased return reject rate from over 6% the previous year to under 2% this year

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings

Corporation tax e-file (XML) in 2007 processing year

2. Enhancements to direct web file programs

3. 2-D Barcode implementation/changes

Next year we will allow 2-D returns to be filed for the IT-203 and IT-150 primary forms (and applicable attachments) as well as the IT-201. There will also be imbedded 2-D barcodes for certain attachments that can be multiples such as the new IT-2 and the 1099-R, Also much more data captured in the barcodes than in previous years.

4. Forms

Major personal income tax forms changes

5. Payment alternatives

6. E-file mandate (individual and/or business tax)

Individual e-file mandate starting in the 2006 filing season

7. Other changes/enhancements

In an effort to make e-file as easy as possible, we would continue to work on making our e-file requirements/specs as consistent with the IRS as possible.

8. We would also like to know about any changes/enhancements to your business tax e-file programs.

Plan to provide automated ACKs for the 1041 (Fiduciary) e-file program for the 2006 filing season

NORTH CAROLINA

Individual Income Tax E-file: Johnetta Baugham

johnetta.baugham@dornc.com

2-D Barcode: Not Applicable

Business Tax E-file: Johnetta Baugham johnetta.baugham@dornc.com

Figures reported as of (date): April 29, 2005

1. Total returns processed: 2,962,568 (e-file and paper)
2. Total E-file returns : 1,751,538
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): North Carolina does not internet filing for Individual income tax.
4. Total Fed-State (piggyback) returns: 1,664,789
5. Total 2-D Barcode returns: North Carolina does not use 2-D Barcoding.
6. Total State Only/Multiple State returns (if captured): 86,749
7. Total Free File Alliance - Free State Returns (if applicable): Not Applicable
8. Total non-resident returns: This information is not available.
9. Total prior year returns: 47,534
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. No mandating.

Top filing season problems/issues:

The e-filed returns from the bordering states, VA and SC, not processing because the filing status on the federal return (after transmitting the MFJ federal return) is not being changed to accommodate the MFS filing status for North Carolina. After filing the federal return as a MFJ, the tax preparer is not changing the name and filing status to MFS on the 'dummy' federal to submit to NC. When the name and filing status are not changed, the MFJ information automatically flows to the NC and is transmitted as a MFJ instead of a MFS.

Top achievements this filing season:

North Carolina taxpayers are able to e-file and e-pay the following individual income tax forms on the web site: NC-40, Individual Estimated Income Tax; D-410, Extension for Filing Individual Income Tax Return; and D-400V, Amended Individual Income Payment Voucher.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings: None to date
2. Enhancements to direct web file programs: N/A
3. 2-D Barcode implementation/changes: N/A
4. Forms: There have been many bills introduced in the legislature that would affect Individual Income Tax but none have been enacted as of yet and probably won't be until mid summer.
5. Payment alternatives: None to date

6. E-file mandate (individual and/or business tax): N/A
7. Other changes/enhancements: None to date
8. We would also like to know about any changes/enhancements to your business tax e-file programs. Will be adding Fed/State Corporate 1120, Streamlined Sales Tax, and Fed/State Partnership 1065

OHIO

Individual Income Tax E-file: Karen Fisk – Karen_fisk@tax.state.oh.us
2-D Barcode: Kim Roush -

Figures reported as of (date): 05/05/05

| | TY2004 | TY 2003 |
|---|---------------|---------------|
| 1. Total returns processed | 4,047,431 | 3,907,915 |
| 2. Total E-file returns | 2,021,796 | 1,801,759 |
| 3. Total Internet-filed | 299,587 | 210,616 |
| 4. Total Fed-State returns | | |
| 5. Total 2-D Barcode returns | N/A | N/A |
| 6. Total State Only/ | Not available | |
| 7. Total Free File Alliance - | N/A | N/A |
| 8. Total non-resident returns | Not Available | Not Available |
| 9. Total prior year returns | Not Available | Not Available |
| 10. Mandate in place for 2005 filing season? | No | No |

Top filing season problems/issues:

This is one area where we just can't BEAT MICHIGAN – GO BUCKS!!

OREGON

Individual Income Tax E-file

Stacey Weeks

Stacey.H.Weeks@state.or.us

2-D Barcode (Personal and Corp)

Suzie McDonnell

Suzie.E.McDonnell@state.or.us

Corporation E-file

Vera Carriger

Vera.M.Carriger@state.or.us

Figures reported as of April 29, 2005:

1. Total returns processed: **1,100,562**
2. Total E-file returns **705,236**
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) **0**
4. Total Fed-State (piggyback) returns **705,236**
5. Total 2-D Barcode returns **128,490 (PIT) 4,841 (Corp)**
6. Total State Only/Multiple State returns (if captured) **0**
7. Total Free File Alliance – Free State Returns (if applicable) **0**
8. Total non-resident returns **65,231 (ELF) 55,774 (paper)**
9. Total prior year returns **0**
10. Mandate in place for 2005 filing season? **No** If yes, briefly describe the mandate and list effective date.

Top filing season problems/issues:

- **Confusion over which ETIN field to use for Fed/State acks**
- **The different messages that states and industry received from IRS concerning Fed/State testing during PATS. All of Oregon's software companies expected us to test F/S Acks with them – where we had been instructed by IRS to 'pick a couple trading partners' rather than test with all of them.**

Top achievements this filing season:

- **Reduced the percentage of e-file/2D returns needing manual review by the department.**

PATS testing took less time.

More companies offering the Oregon return for electronic filing and barcode.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings **Hope to add State Only returns and Free File Alliance this year**
2. Enhancements to direct web file programs **We don't have one.**
3. 2-D Barcode implementation/changes **Add Forms 20 and 20i for Corporation returns. We will also Form 37 information for Corporation (20s).**
4. Forms **If IRS adds space to the unformatted record – Oregon will capture 3 more federal forms and 1 more Oregon return. Our main forms (40, 40N, 40P, 40S) will have minor overhauls this year, outside of our legislative changes.**
5. Payment alternatives **Credit Card through third party vendor is now available**
6. E-file mandate (individual and/or business tax) **None that we know of at this point.**
7. Other changes/enhancements **Legislative year – anything goes.**
8. We would also like to know about any changes/enhancements to your business tax e-file programs. **We are planning 1120 XML efile for Tax Year 2006/Processing Year 2007.**

PENNSYLVANIA

Individual Income Tax E-file: Meggan Swisher mswisher@state.pa.us

Business Tax E-file Debbie Wise dwise@state.pa.us

Figures reported as of (date):

1. Total returns processed: 5,901,853
2. Total E-file returns: 2,448,815 including TeleFile returns
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns): 242,361
4. Total Fed-State (piggyback) returns: 1,746,195
5. Total 2-D Barcode returns: N/A
6. Total State Only/Multiple State returns (if captured): 94,388
7. Total Free File Alliance - Free State Returns (if applicable): N/A
8. Total non-resident returns: 30,567 electronically filed non-resident returns
9. Total prior year returns: PA does not accept prior year returns electronically
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. PA did not institute a mandate

Top achievements this filing season:

We achieved over 40% of our total returns filed electronically

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings: No enhancements
2. Enhancements to direct web file programs: Nothing planned at this time
3. 2-D Barcode implementation/changes: Nothing planned for 2006 but we hope to implement PIT 2-D barcode returns in the future
4. Forms: No major changes
5. Payment alternatives: No additional alternatives being added
6. E-file mandate (individual and/or business tax): No plans for individual tax mandates at this time. We discontinued the mailing of paper coupons to Sales tax filers in 2005 and will be discontinuing the mailing of paper coupons to employer withholding filers in January 2006
7. Other changes/enhancements: Nothing planned at this time
8. We would also like to know about any changes/enhancements to your business tax e-file programs. We will be participating in the Fed/State 1120 program

SOUTH CAROLINA

Summary of 2005 Filing Season for **South Carolina** --- Individual Income Tax

Individual Income Tax E-file

Amber S Hendrix

hendria@sctax.org

2-D Barcode

Sherrie Mcteer

mcteers@sctax.org

Business Tax E-file

Keith J Wicker

wickerk@sctax.org

Figures reported as of (date): May 2, 2005

1. Total returns processed *1,573,529 returns (paper and electronic) down 118,000 paper*
2. Total E-file returns *1,049,443 returns (Fed/State and SCnet) up 10% over last year*
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) *32,096 up over last year, but not much*
4. Total Fed-State (piggyback) returns *1,017,347 returns*
5. Total 2-D Barcode returns *SC does not offer for Individual Income*
6. Total State Only/Multiple State returns (if captured) *NA...we run a job early in filing season to make sure software developers are not trying to send us all SOs.*
7. Total Free File Alliance – Free State Returns (if applicable) *NA*
8. Total non-resident returns *NA*
9. Total prior year returns *NA*
10. Mandate in place for 2005 filing season? If yes, briefly describe the mandate and list effective date. *Mandate in legislation currently under consideration in SC Legislature.*

Top filing season problems/issues:

Electronically filed returns having paper checks returned for bad address.

Top achievements this filing season:

Hit 1,000,000+ returns with no major problems encountered.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings *Nothing new anticipated for 2006*
2. Enhancements to direct web file programs *Total Re-write*
3. 2-D Barcode implementation/changes *NA*
4. Forms *Both Amber and myself are on the IIT forms team...changes will be limited to law changes ONLY and any line juggling will be over my dead body.*
5. Payment alternatives *Nothing new unless we are forced to accept American Express.*

6. E-file mandate (individual and/or business tax) *Mandate for IIT is in legislative bill. Dropped payment threshold to \$15,000 from \$20,000 about two years ago.*

7. Other changes/enhancements *Developing our own credit card payment processing engine.*

8. We would also like to know about any changes/enhancements to your business tax e-file programs. *SC BOS*

UTAH

Individual Income Tax E-file Douglas Hansen ddhanse@utah.gov

2-D Barcode Jim McNair JAMcNair@utah.gov

Business Tax E-file Jim McNair

Figures reported as of (date): 4/30/2005

1. Total returns processed 882069
2. Total E-file returns 435994
3. Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns) 27007
4. Total Fed-State (piggyback) returns 305363
5. Total 2-D Barcode returns 61787
6. Total State Only/Multiple State returns (if captured) 16747
7. Total Free File Alliance * Free State Returns (if applicable) 0
8. Total non-resident returns/ part yr res rtns 40864
9. Total prior year returns N/A
10. Mandate in place for 2005 filing season? No If yes, briefly describe the mandate and list effective date.

Top filing season problems/issues:

Had some early season problems with our revised programs that we had to work out. Also, some foreign address problems with one software developer that we had to get worked out.

Top achievements this filing season:

We passed our record for all of last year by April 15 of this year. Still have extension period to go.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings
2. Enhancements to direct web file programs: None, we will look at dropping this program as it has shrunk each year and is our most costly way to process returns.
3. 2-D Barcode implementation/changes N/A
4. Forms We will be changing the look of our forms again this year.
5. Payment alternatives No changes
6. E-file mandate (individual and/or business tax) Effective January 2006 for preparers or firms filing 101 returns or more.
7. Other changes/enhancements None at this time.
8. We would also like to know about any changes/enhancements to your business tax e-file programs. We are pushing to have our Corporate returns available for e-filing for 2006.

VERMONT

Trilene Roach
Fed/State Filing Coordinator
Email: troach@tax.state.vt.us
Phone: (802)828-3055
Fax: (802)828-3754

As of May 2, 2005

Total returns processed:

Income Returns Received: 271,391
(Total income returns expected for tax year 338,000)

Total Internet-filed returns (accessed through the agency's web site and filed directly with the state either through modem or browser. Does not include Fed-State online returns):

Between business filers and taxpayers required to file the HS-131 we have received around 40,000 returns through the internet.

Total Fed-State (piggyback) returns:
107,991 Currently running 7.5% higher than last year
Refunds from direct deposit \$46,282

Total Free File Alliance – Free State Returns (if applicable) We are a member but have no numbers.

Total non-resident returns: Only around 2500 returns electronically filed.

Total prior year returns: n/a

Top filing season problems/issues:

We seemed to have had a little confusion about the HS-131 and when it should be filed.

Top achievements this filing season:

Successful conversion to IRS Ack System.

Summary of Changes for 2006 Filing Season and Beyond:

To date our legislation is still in session. We are looking toward offering direct debit through electronic filing, making changes to our business filing website to allow our business filers to include the local option amounts if applicable. We are currently moving forward with Streamline.

WEST VIRGINIA

Individual Income Tax E-file Jeff Anderson janderson@tax.state.wv.us

2-D Barcode Dana Miller-dmiller@tax.state.wv.us

Business Tax E-file Jeff Anderson- janderson@tax.state.wv.us

Figures reported as of (date): 05/05/05

| | TY 2004 | TY 2003 |
|---|---------------|---------|
| 1. Total returns processed | 642,095 | 593,067 |
| 2. Total E-file returns | 286,895 | 255,467 |
| 3. Total Internet-filed | N/A | 424 |
| 4. Total Fed-State returns | 282,046 | 251,563 |
| 5. Total 2-D Barcode returns | N/A | N/A |
| 6. Total State Only/ Multiple State returns | 4,849 | 3,904 |
| 7. Total Free File Alliance - Free State Returns | 6,100 | N/A |
| 8. Total non-resident returns | Not Available | |
| 9. Total prior year returns | Not Available | |
| 10. Mandate in place for 2005 filing season? | No | |

Top achievements this filing season:

Current market share for Electronic Filing is approximately 44% of PIT returns filed in West Virginia. This is an increase of 11% for total market share over last year.

Total E-file is up 12.31% over last year. Overall the program continues to grow at a double digit pace. Tax professionals registered in the West Virginia electronic filing program increased over 120%, from just over 1,400 last year to 3,082.

Summary of Changes for 2006 Filing Season and Beyond

1. E-file offerings Under Review
2. Enhancements to direct Under Review web file programs
3. 2-D Barcode Possible for TY 2005 with data capture/imaging implementation/changes system, but more likely for TY 2006
4. Forms Under Review
5. Payment alternatives Threshold reduction for Business EFTPS from \$100,000 to \$50,000;
6. E-file mandate Discussion on-going for PIT;
7. Other changes/enhancements Under Review
8. Business Tax Changes Implemented Web File program for Withholding Tax Returns; new Business Registration web site; New Remittance/Data Capture System for imaging to go on-line in 2005; 2-D capable but probably not until 2006; issued and RFP for Integrated Tax System with a target date for completion of 2008; phase in of various tax types will occur as they become ready.