

**TIGERS MEETING MINUTES**  
**AUGUST 16-18, 2006 - ALBUQUERQUE**

**FED/STATE 1120/1065**

1. Current 1120 Status
  - Joan Barr provided year-to-date figures on federal 1120 returns.
  - 54 state returns have been received, Wisconsin and Kansas.
  - A few test returns from build verification were sent through by mistake – because they were unlinked, they were not edited. Future state test returns will have “test” in the name
  
2. Strong Authentication
  - Jim Molini announced that strong authentication would be implemented on an optional basis in April 2007, and will be mandatory in 2008
  - One concern driving this is the fear of spoofing with unattended operations.
  - The decision to couple strong authentication with automated enrollment has caused the delay in availability.
  - XML scanning will also be implemented, which will look for, among other things, binary data in text strings and known virus strings.
  
3. WSDL
  - Joan noted that there was a large participation for the conference call on the WSDL options. A list of fixed in Release 4 was distributed with the invitation to the call.
  - The two options were to convert both test and production systems to R4 in October, or to have R4 in test mode only in October while keeping the prior release in production through December. The decision is to begin state and transmitter ATS October 30 with R4, and keep TY2005 WSDLs two more months. Transmitters can test with either WSDL, for 2004, 2005, or 2006 federal returns. There will not be a separate state ATS.
  - Joan did not have the date when the R4 WSDLs would be distributed to the states.
  - The group suggested another conference call with both states and transmitters to discuss all TY2006 changes. Joan asked the group to send her questions for discussion.
  - Joan related that a vendor has asked about IRS’ plans to keep federal submission-ids on file for one year, and whether a linked fed/state return would be rejected after that. IRS is looking at keeping the returns for three years.
  
4. Current 1065 Status
  - Sharon Watson noted that IRS 1065 program is on schedule. A draft 1065 schema set was posted on August 1. The next schema release will be September 15. The test package will be on irs.gov August 31.

- The state MOU for Fed/State 1065 has been finalized. Sharon asked states to send her a request for the MOU, with the name of the official state contact for the program. This is a separate MOU from Fed/State 1120. Please send this to [Sharon.E.Watson@irs.gov](mailto:Sharon.E.Watson@irs.gov).
  - Partnerships with more than 100 partnerships will be mandated to file electronically.
  - Carol McLaughlin noted that states can use the same ETIN for both 1120 and 1065. However, states that have applied for 1120 ETINs will have to amend their applications to add 1065. States may obtain additional ETINs on the same application if desired.
  - IRS requested a roll call of the states present as to when they planned to implement 1120 and 1065.
5. TY2005 Changes to State Schema Set for 1120
- Pennsylvania had new elements for Additions category, with a couple of missing efileTypes.
  - In AssetLiabilityType, the TaxLiabilityAmount needs a larger dollar field. This problem was previously reported, and was fixed for TY2006, but the fix was not retrofitted to TY2005.
  - There are also two changes requested for each of GeneralInformation and Header categories.
6. TY2006 Changes to State Schema Set for 1120/1065
- John Dobis (NY) reported on the interim work of the SWAT Team.
    - Where the efileType column was empty, inserted a suggestion
    - Corrected misspelled names and incorrect complex types
    - If the Parent/Child were the same but the efileType different, then either the efileType or the Agreed Upon Field Name was changed
    - 3 new efileTypes were added, for MD, WI, and DE
    - Deleted rows with PDFLinks at element level, and added a fourth element AttachmentLinkType to AttachmentType
  - The group requested that full spreadsheets be distributed so that all states could clearly identify the SWAT Team's actions.
  - A need from UT for a consolidated FY end element was discussed.
  - Next Steps:
    - Jim Rowland will publish the spreadsheets with the SWAT revisions
    - Jim will publish first cut schemas – Jim noted that there will be errors
    - Donna Muccilli (AZ) will try to create an audit trail of SWAT changes.
  - Most states plan to derive separate schemas for 1120 and 1065 from the TY2006 schema set. KS plans to use the same schema for 1120S and 1065.

## **FED/STATE 1040**

1. IRS Status

- Lee Lawrence reviewed which IRS forms will be implemented in each phase beginning January 2009, 2010, and 2011.
- IRS will be issuing an RFP for a contractor for the MeF 1040 program, and needs the requirements this month.
- There will be new efileTypes added.
- IRS has established a working group with software developers on such issues as signature alternatives, making transition to XML easier, possibly by including current sequence numbers in the schemas, and communications such as leased lines. The next meeting will be September 7 in New Carrollton.
- IRS has also been encouraging industry to participate in TIGERS, especially for discussion of how to phase in 1040 volume.
- If budget permits, IRS would like to compress to two years.

## 2. Business Rules

- Current 1120/1065 business rules were reviewed, and determined to still be valid for 1040.
- Joan noted that state returns are “denied” only if the state is not participating in the program, if the state is not in production status, or if the state does not accept Unlinked (state only) returns.
- There was considerable discussion as to whether the current 1040 consistency checks are needed as an additional business rule. AZ, KS, NJ, SC and IA do not use the current consistency checks; AL, NY, and GA do use them. IRS would prefer not to support consistency checks, because of the need to change the manifest structure to include the additional data, and because of the need to store the data. After a break, Lee reported that for the 2006 filing season, there were 5,759 returns rejected for consistency checks out of 36,442,749 state returns, or .015%. Based on the low percentage, most states agreed that they could do without the consistency checks. Terry Garber agreed to put the issue out on the TIGERS listserv for state comment.
- TIGERS adjourned temporarily to join the NACTP session being held concurrently. Terry Garber reviewed the business rules and the Fed/State development process. Issues raised by industry included:
  - Preference for central distribution of state schemas
  - Scanned PDF 8453’s would not be workable for most home online filers
  - Desire for states to handle the return and payment separately so that the payment can be accepted even if the return is rejected.
  - Need to work together on transition issues.
- Returning to the TIGERS session, states agreed that on SSN/name control mismatches, states want the returns to be sent to the states, with an appropriate indicator, as is done with FEIN/name control on 1120. States can still choose to reject the returns.
- States overwhelmingly agreed to request that IRS validate the EFIN in the state submission, and to deny the return for invalid EFIN.

- There is also a requirement to include both primary and secondary SSNs in the state manifest, and to validate both.

### 3. Categories

- Terry Hunt (KS) reviewed the Categories for 1040, including changes that were made in Chicago. Some decisions were made for compatibility with 1120/1065.
- Schemas will be needed for W-2G and 1099G.
- RefundDirectDeposit will handle three bank accounts, to mirror the Federal 8888.
- Software Developer and Transmitter information was moved to GeneralInformation.
- There is still some confusion between PaymentsClaimed such as Withholding and Declarations, versus TaxDueOverpayment with totals needed for tax computation.
- DonationsContributions will be a generic complex type, with the ability of each state to enumerate its own list. Elements will need to be added to handle related data such as dates and amounts.
- MD will need Credits to repeat with different form numbers, as was the case with Corporate. This will be the only repeating Category. K-1's repeat within DistributiveShare

### 4. Spreadsheets

- Before states can work on the spreadsheets, the set of efileTypes must be defined, so that all elements can be assigned an efileType. Work on the efileTypes is planned for Boston in September.
- The SWAT Team, with assistance from three or four other states, plans to pre-populate the 1040 spreadsheets with a boiled-down set of elements. The intent is that most states will then have the majority of their elements already defined, so that they will simply be “me-too” rows on the spreadsheet. This will help to limit naming variations and encourage consistency among states.
- It was requested that the SWAT Team also create a list of standardized abbreviations and acronyms for use in naming, so that states creating new elements can do so in a uniform manner.
- Plans are to finalize the spreadsheet for the December meeting.

### 5. Multiple Value Elements

- The issue is how to deal in XML with part-year, primary/secondary, original/amended, resident/non-resident values all for the same line item.
- Terry Hunt (KS) offered a “straw man” of Amount1040Type with a choice gate allowing a selection of elements for a given amount. There was much discussion on alternatives, such as flattening the structure, how to handle complex conditions (e.g. primary and secondary non-resident), use of attributes.

- A team was formed with Penny Berman (MD), Pete Johann (IA), Irwin Nadel (NJ), and Jack Gibson (Drake) to document the identified alternatives, and to conduct a conference call prior to the Boston meeting to see if the alternatives can be narrowed down

## FSET

### 1. EFTPS

- Paul Korb of Bank of America (BoA) presented an overview of the EFTPS Interface Protocol Standard (IPS) solution for batch providers. Currently EFTPS provides software for small payroll service providers to upload batches of payments. IPS will allow more providers to interface with EFTPS; these providers can maintain their same user interface with their online customers, while using an XML standard to plug into EFTPS functionality. IPS includes XML schemas for provider registration, and for providers to enroll their clients. Providers can view payment history across their clients, and taxpayers can obtain PINs allowing them to view their own payment histories. This program will be extended to state tax payments as well as federal payments as the Fed/State EFTPS program is implemented.
- XML Spy diagrams of the Registration schemas were reviewed for applicability to FSET registration work.
- IPS has not been released due to need for enhanced authentication. The group discussed the MeF Strong Authentication that had been presented by Jim Molini in the Fed/State 1120 session of TIGERS.
- Next Steps:
  - TIGERS members will look at the IPS schemas for additional elements needed for general FSET use
  - Terry Garber will provide the FSET schema set to Paul for comparison
  - Paul will try to attend the Boston meeting to discuss security alternatives with Joan Barr

### 2. FSET 2.1

- The IL Change Request to modify EFINType to allow EFINs beginning with “15” was approved.
- The FL Change Request to add an element for out of state wages to StateUI and StateAnnual was approved.
- The FL Change Request to add AgentIdentifier as an alternative to EFIN was approved.
- The WI Change Request to add Jurisdiction element at TransmissionHeader and TransmissionAcknowledgement was approved.
- The WI Change Request to add an enumeration to PaymentIndicator for no payment submitted was approved.
- The WI Change Request to make elements TransmissionManifest, ContentLocation, and ReturnHeaderState optional that are mandatory in 2.0 was approved.

- Draft schema set FSETV2.1 will be posted on the FTA website for review.
3. FSET Modernization
    - Steve Veilleux (CT) has compared the FSET efileTypes with those of State1120efileTypes. There are half a dozen differences. There are a couple of types that are more robust in FSET; the group may wish to adapt them for the MeF programs. Steve will provide the list for the September meeting.
    - Schema structure and packaging was discussed. It is assumed that any modernized version of FSET will adopt the zip archive payload structure established by IRS for Modernized eFile.
    - IRS will be encouraged to attend the September FSET session to be aware of state directions.
  4. Enrollment
    - Ceridian is building a logical element set for enrollment, using the FSET element naming conventions. Preston Barnett will have this for the September meeting. They will also put this out to National Payroll Consortium. Pending approval, Preston will draft schemas for review at the December meeting.
    - The EFTPS schemas will be analyzed for applicability. In particular, the MeF Acknowledgment model versus the EFTPS Synch model will be discussed. It is possible that both models could be supported in a harmonized schema set.
  5. Registration
    - California FTB and Intuit have worked on the survey to states on barriers to electronic filing and payment. Lessons learned include the value of direct phone contact, rather than just sending the survey via email. The sample interview with MO took only ten minutes. The group will send the updated survey to Jonathan Lyon, have a final review conference call, then divide up and make the calls to states. Goal is to do the calls between Labor Day and the September meeting.
    - FTB is doing an online portal for registration, and would like to use a standard FSET XML schema on the back end. They have mapped out elements. SC has a similar portal in place, and will share their schema.
  6. Adjustments
    - FTB needs an electronic way to handle adjustments to tax and wages, not just amendments to returns. Both the original and new values must be captured.
    - Other states present agreed that they also have this need. Adjustments will be added to the September FSET agenda.
    - One issue will be whether to develop in the current FSET model, or in the MeF model.