

FTA Tax Technology Conference

Boise, ID

Internal Revenue Service

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Agenda

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MeF today

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MeF Today



MeF Today

- Currently provides electronic filing and payment options for businesses
- Receives and processes returns in an internet environment
- Provides real-time processing of acknowledgements, streamlined error-detection, and standardization of business rules
- Capability to attach PDF files

MeF Forms		
Corporations	1120, 1120S	(2004)
	1120-F	(2008)
Exempt Organizations	990, 990EZ, 990PF, 1120POL	(2004)
	990-N (e-postcard)	(2008)
Partnerships	1065, 1065-B	(2007)
Excise Tax	2290, 720, 8849	(2007)
Extensions	7004	(2005)
	8868	(2004)



MeF Statistics Thru 07-19-09

Form Type	2009 CUM Projected Receipts	2009 CUM Actual Receipts	2009 CUM % Actual vs Projected	CUM % 2009 vs 2008
1120	256,358	256,789	100.56%	134.76%
1120S	944,105	1,003,352	106.28%	140.57%
1120-F	N/A	411	N/A	N/A
7004	1,510,085	1,522,631	100.83%	137.61%
1065/1065-B	712,701	747,971	104.95%	140.11%
990	31,587	27,888	88.29%	104.55%
990-EZ	11,991	13,109	109.32%	222.26%
990-PF	7,171	5,133	71.58%	131.92%
990-N	147,773	167,692	113.48%	123.21%
1120-POL	N/A	14	N/A	N/A
8868	52,199	62,388	119.52%	165.84%
2290	9,093	11,952	131.44%	230.87%
720	59	22	0.00%	275.00%
8849	N/A	614	N/A	N/A



MeF Fed/State Update

- **16 States and 1 City in Production status for 1120:**
 - AL, CO, FL, GA, ID, KS, MD, MI, MO, MT, NYCT, NYS, OR, PA, SC, UT and WI

- **11 States in Production status for 1065:**
 - AL, CO, GA, ID, KS, MD, MI, NY, PA, UT and WI

States that began production in 2009 are:

For 1120 - New York City

For 1065 - Colorado & Pennsylvania

Changes received in July 2009:

Virginia requested the 1120 & 1065 MOUs. The 1120 MOU has been sent for IRS executive signature.

Rhode Island submitted an efile application to participate in 1120 & 1065.



Fed/State Statistics Thru 07-19-09

Fed/State Returns through 7-19-09					
State	Total State Returns Made Available	Corporate Fed/State Made Available	Partnership Fed/State Made Available	Corporate State Standalone Made Available	Partnership State Standalone Made Available
ALST	11,337	2,002	2,007	4,161	3,167
COST	1,259	188	345	535	191
FLST	4,557	4,557	0	0	0
GAST	45,139	10,826	4,496	23,397	6,420
IDST	8,966	1,699	1,611	3,082	2,574
KSST	23,556	4,681	3,759	9,261	5,855
MDST	35,911	8,917	7,187	14,296	5,511
MIST	24,810	14,339	5,337	4,227	907
MOST	10,177	2,407	0	7,770	0
MTST	921	103	0	818	0
NYCT	2,315	548	0	1,767	0
NYST	379,276	55,120	31,593	158,905	133,658
ORST	7,383	1,876	0	5,507	0
PAST	19,301	4,721	2,216	7,071	5,293
SCST	19,617	7,390	0	12,227	0
UTST	3,878	28	47	2,264	1,539
WIST	55,380	14,316	10,319	18,778	11,967
Total:	653,783	133,718	68,917	274,066	177,082

TY 2008 Returns Made Available = 196,413

TY 2007 Returns Made Available = 53,913



Key System Dates

Tentative Dates - ETEC

May 14, 2009	Schemas & Business Rules	Post initial TY 2009 version to irs.gov for Form 2290
June 15, 2009	Assurance Testing System (ATS)	Startup for Forms 720 and 8849
July 1, 2009	Production	Startup for Form 2290
Tentative Dates - All Others		
August 20, 2009	Schemas & Business Rules	Post initial TY 2009 version to IRS.gov
November 2, 2009	ATS	Startup
January 4, 2010	Production	Startup



1040 MeF Overview



Deployment Schedule

- **Phase I – January 2010**

Form 1040 and EE other forms schedules:

Sch A	Sch E	Sch SE	2441	8812	8888
Sch B	Sch EIC	1099-R	4562	8829	W-2
Sch C	Sch M (<i>new</i>)	2106	4868	8863	
Sch D	Sch R	2210	8283	8880	

- **Phase II – January 2011**

- Current TY 2010 (23 forms)
- Prior TY 2009 (23 forms)
- Code optimization and additional hardware

- **Phase III – January 2012**

- Approximately 125 additional forms/schedules
- Current TY 2011 (148+ forms)
- Prior TY 2010 and Prior TY 2009 (23 forms)



Key Benefits of MeF

MeF will deliver significant value and benefits including:

- Faster Acknowledgements to Transmitters
- Prior year filing (beginning in 2011)
- Specific explanation of errors
- Supports Federal and State e-filing
- Year round filing



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Infrastructure

Benchmark Test

- Identified the hardware configuration needed to support 1040 on MeF

Performance and Capacity Model

- "What If" scenarios using different form and volume characteristics
- Use current filing season/peak period experiences to extrapolate MeF performance

Early Development of Hardware Upgrades

- Installed new database hardware platform for current Release 5.5 filing season
- On schedule with Release 6.1 hardware upgrades (e.g. application and portals)

Monitoring Tools

- Employed monitoring tools across the MeF system to proactively assess system performance
- Collecting metrics and testing results to calibrate/validate the Performance and Capacity Model



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Application

Code Optimization

Release 6.1 Development

- Monitor and Status Integrated Project Schedule
- Application development underway
 - 1st, 2nd and 3rd code drops have been to testing on schedule



What's Ahead

- Complete Development
- Continue to Refine and Validate Infrastructure Needs
- Leverage the Performance and Capacity Model
- Monitor the impact of Legislation (IMF and BMF)



Transition Plans

- **Volume Management Strategy**

- Strategy being developed in collaboration with MeF stakeholders
- Will implement a volume ramp-up plan (draft plan shared with stakeholders on August 3, 2009)
- Technical Support will be provided (including daily conference calls)

- **e-File Application**

- e-file Application has been updated to add “1040 MeF Internet, XML” as a transmission method for Form 1040. Impacts Transmitters, Software Developers and States. Note: States should contact Delcie Miller or Nancy Nicely with questions. We will notify the SWDers and Transmitters once that’s ready for implementation.
- EROs currently participating in 1040 Legacy e-file will be automatically enrolled in 1040 MeF



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Transition Plans (continued)

- **Paper Attachments**

- **DCN versus Submission ID**

MeF **does not** require the use of a Submission ID in place of the DCN on Form 8453. Since MeF does not use a DCN, you can leave the DCN boxes blank on the Form 8453.

- There are five forms that currently have a paper indicator:
 - **Form 1098C**, *Contributions of Motor Vehicles, Boats, and Airplanes*
 - **Form 3115**, *Application for Change in Accounting Method*
 - **Form 4868**, *Application for Automatic Extension of Time To File U.S. Individual Income Tax Return*
 - **Form 8283**, *Noncash Charitable Contributions*
 - **Form 8332**, *Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent*

Note: Only Form 8283 is included in Phase I of 1040 MeF



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Transition Plans (continued)

Legacy Error Reject Codes transition to MeF Business Rules

1040-MeF created a job-aid (spreadsheet) which compares the Legacy Reject Codes to the MeF Business Rules. Legacy Reject codes are shown in the left column and the corresponding MeF business rule(s) (or an explanation if there is no business rule) are in the right column.

ELF E R C #	ELF Error Reject Code Explanation	MeF Business Rule #	MeF Business Rule Explanation or Reason Why No Rule
0001	Page 1 of Form 1040, 1040A, 1040EZ, or 1040-SS (PR) must be present.	N/A	Schema validation
	The Summary Record must be present.	N/A	No Summary Record in MeF
0002	Reserved	N/A	
0003	Tax Return Record Identification - The Tax Period of Form 1040/1040A/1040EZ/1040-SS (PR) (SEQ 0005) Page 1, must equal "200812" and Tax Period of Form 1040/1040A (SEQ 0765) and of Form 1040-SS (PR) (SEQ 1605) Page 2, must also equal "200812".	R0000-097	Tax Year in the Return Header must equal "2008" for processing year 2009 .



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Differences in Reject Codes and Business Rules

• Numbering Is Different

Reject codes are 4-digit numbers. Generally, business rule numbers begin with the form number or schedule where the error occurred and then the rule number. Example: F1040-001, F2441-001, SD-F1040-001

- Some errors are shared across form types. Those errors begin with "R" such as R0000-075 (The Routing Transit Number must conform to the banking industry RTN algorithm)
- Schema errors begin with "X" such as X0000-028 (A single PDF file must not exceed 60MB in size)
- Transmission errors begin with "T" such as T0000-017 (The Submission ID must be 20 characters in length)
- Errors on state submissions begin with "STATE" such as STATE-905 (EFIN referenced in the State Submission Manifest must be in accepted status)

• Error Explanations

- Specific explanations of errors are returned for MeF Business Rules
- An XML path (xpath) pointing to the error location is returned for MeF Business Rules



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Differences in Reject Codes and Business Rules (continued)

- One error condition per business rule

Reject codes may have several error conditions in the same code.
Business rules have one error condition per business rule.

0499	The Employer Identification Number (SEQ 0040) of Form W-2 and/or W-2GU, Payer Identification Number (SEQ 0026) of Form W-2G, and Payer Identification Number (SEQ 0050) of Form 1099-R, and Employer EIN (SEQ 0200) of 499R-2/W-2PR Record is invalid for processing an Individual e-filed return.	FW2-499	Form W-2, Line B 'EmployerEIN' is invalid for processing an Individual e-filed return.
		F1099R-499	Form 1099-R, Payer Identification Number 'PayerFederalIDNumber' is invalid for processing an Individual e-filed return.



Differences in Reject Codes and Business Rules (continued)

- Reject codes use Legacy ELF field (sequence) numbers. Business rules use form line numbers.

0373	Form 1040/1040A - When Additional Child Tax Credit (Form 8812) (SEQ 1192) is significant, Form 8812 must be present.	F1040-079	Form 1040, Line 66 'AdditionalChildTaxCreditAmt' must be equal to Form 8812, Line 13 'AdditionalChildTaxCreditAmt'.
0374	Form 1040/1040A - When Form 8812 is present, Additional Child Tax Credit (Form 8812) (SEQ 1192) of Form 1040/1040A must equal Additional Child Tax Credit (SEQ 0140) from Form 8812.		



Similarities in Reject Codes and Business Rules

- For reject codes in the 500 series, 1040 MeF retained the reject code numbering

ELF ERC #	ETD - ELF Error Reject Code Explanation	MeF Business Rule Number	MeF Business Rule or Reason Why No Rule
0500	Primary SSN (SEQ 0010) and Primary Name Control (SEQ 0050) of the Tax Form must match data from the IRS Master File.	R0000-500	Primary SSN and the Primary Name Control in the Return Header must match the e-File database.
0501	Qualifying SSN (SEQ 0015, 0085) of Schedule EIC and the corresponding Qualifying Child Name Control (SEQ 0007, 0077) must match data from the IRS Master File.	SEIC-F1040-501	Schedule EIC (Form 1040), each Line 1 'QualifyingChildNameControl' and Line 2 'QualifyingChildSSN' provided must match that in the e-File database.
0502	Employer Identification Number (SEQ 0040) of Form W-2 and/or W-2GU, Payer Identification Number (SEQ 0026) of Form W-2G, and Payer Identification Number (SEQ 0050) of Form 1099-R and Company or Trust Identification Number (SEQ 0120) of Form 2439, and Empl	FW2-502	Form W-2, Line B 'EmployerEIN' must match data in the eFile database.
		F1099R-502	Form 1099-R, Payer Identification Number 'PayerFederalIDNumber' must match data in the e-File database. Note: Form 1099-R is ONLY required when federal income tax is withheld.



ATS Testing

- The point of contact for testing is the e-help Desk. They will elevate any issues to the 1040 MeF contacts.
- We are currently working with EPSS on the PATS and ATS testing.
 - EPSS has preliminarily determined that there will be separate assistors for ATS and PATS (even for the same software developer).
 - The 1040 MeF ATS assistors will be located in Austin.
 - The 1040 PATS assistors will be located at multiple sites.
 - The plan is for the PATS and ATS assistors to independently.



ATS Testing (continued)

- We are currently developing the final return validation criteria for accepted test returns. Following is what has been developed to date:
 - After the return has been accepted, the assistor will verify:
Specific lines on all the test scenarios:
 - Adjusted Gross Income
 - Taxable Income
 - Tax
 - Refund or Balance Due
 - other line entries based on the forms in the test scenario
 - the dependencies (attachments) are properly attached
 - PDF file is attached correctly (if the software supports PDF returns)
- After these validations are complete and the test scenarios are correct, the software will be passed.
- During ATS Testing we will conduct daily calls for the Software Developers to discuss any issues/problems they are experiencing.



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Key Dates

- **Software Developer Testing**
 - MeF Assurance Testing System (ATS) – November 2, 2009
 - Three test scenarios shared with current 1040 e-file
 - e-Help Support will be staffed for 1040 MeF and current 1040 e-file
- **Posting of Schemas and Business Rules to irs.gov**
 - Final TY 2008 schemas and business rules - May 2009
 - Initial TY 2009 schemas - June 11, 2009
 - Subsequent TY 09 package – targeting end of August 2009
- **Posting of Stylesheet Package and 1040 ELF Instance Document to irs.gov**
 - TY 2009 1040 and 4868 Stylesheet Package – posted July 2009
 - 1040 ELF Instance Document – posted July 2009



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Key Dates (continued)

- Posting of MeF 1040-related publications to irs.gov
 - **Pub 1345** Handbook for Authorized IRS e-file *Providers of Individual Income Tax Returns* – **September 2009**
 - **Pub 1436** Test Package for Electronic Filers of Individual Tax Returns – **September 2009**
 - **Pub 4164** Modernized e-File Guide for Software Developers and Transmitters – **October 2009**



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Communications

- [MeF 1040 web pages on irs.gov](http://irs.gov)

<http://www.irs.gov/efile/article/0..id=204750.00.html>

- Contains links for:
 - [Forms \(Phase I\)](#)
 - [Publications](#)
 - [Software Developers, States, and Practitioners](#)
 - [Benefits of MeF](#)
 - [Calendar of Events](#)
 - [FAQs](#)
- **Mailbox for MeF 1040**
 - Email Address: 1040mef@irs.gov
 - Questions on schemas or other technical issues concerning the program
 - Key questions/answers will be posted to irs.gov as frequently asked questions (FAQs)
- **MeF Status Page**
 - After implementation, refer to the status page for important updates at <http://www.irs.gov/efile/article/0..id=168537.00.html>



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Partnering Efforts

- **Calendar of Events for the remainder of 2009 is posted to**

<http://www.irs.gov/efile/article/0,,id=206086,00.html>

- 1040 MeF Executive Council meetings (monthly)
 - 1040 MeF Working Group
 - Face-to-Face Meetings (semi-annual)
 - Next meeting tentatively scheduled for September 2009 (conference call capability will be available)
 - Conference calls (monthly)
 - 1040 MeF Schema conference calls (as needed)
- **Federation of Tax Administrators (FTA) TIGERS Group**
 - Continue collaboration during quarterly meetings



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