

# **State EF Practitioner Mandate Standards**

## **DRAFT as of April 30, 2005**

Highest priority standards (or Standards):

- Announcement of an e-file mandate should be in a timely manner.

A mandate should be announced at least 12 months prior to the start date of the mandate. The announcement should be made directly to the NACTP using NACTP listserv (nactp\_list@nactp.org).

This announcement should include a 90 day comment period. This period will allow the state to receive constructive feedback from affected parties regarding the scope and details of the mandate. In order for the comment period to be effective, the state should provide details regarding the mandate. Details should include but is not limited to:

1. List of forms and residency restrictions
2. Draft schemas and/or specifications
3. Business rules documents
4. Software Developer Guides
5. Testing procedure details
6. What relevant identifiers will be used such as ERO numbers, transmitter numbers and/or software developer numbers

If the state does not have the above information available at the time of the mandate announcement they should provide this information no later than 8 months prior to the start date of the mandate.

- Software companies should be given a way to participate in the filing of the return type that is being mandated. The only way to file the return electronically should not be via the state website
- The state should design a “fall back plan” for processing returns in the event that the new system is not up and running as scheduled. This plan should be communicated to the software development and ERO community at the same time the original mandate and should be implemented no later than 10 days prior to the start of the mandate (or the first day allowed for filing whichever is later) if the state is unable to meet its objective of implementing internal infrastructure needed to handle the mandate. Internal infrastructure would include but is not limited to:
  1. Working schemas and/or specifications
  2. Electronic communications with software transmitters regarding testing acceptance, acknowledgements and business rules and/or error checking.
- Proposed legislation for a mandate should be announced as soon as possible to the NACTP using NACTP listserv (nactp\_list@nactp.org).
- Low use forms should not be included in the mandate. A return that contains a low use form should not be required to be filed electronically.

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- For a company (preparer) that has offices inside and outside the state, the mandate should only apply to their offices located inside the state. Offices outside the state should only be mandated if each individual office meets the mandate requirements for a state.
- An e-file mandate should not include the use of 2D barcodes. 2D barcode returns are still paper filed returns and, as such, will weaken the impact of the e-file mandate.
- A mandate should not be imposed for the first year an e-file program is implemented for a form type.
- Allow an opt-out provision for the taxpayer.
- Allow the practitioner to opt-out when hardship. Establish a hardship waiver procedure for the practitioner.

#### **Other Standards (or Guidelines)**

- Provide list of forms to be included in the mandate at the time of the announcement of the mandate or no later than 8 months prior to the start date of the mandate.
- Establish a detailed education program for practitioners.
- In the early stages of a mandate, compliance should be done through practitioner and taxpayer education programs before any penalty (monetary or otherwise) is considered. Penalties should not be imposed in the first year of the mandate and for practitioners that file 80% or more of their returns electronically. Penalty amounts should be reasonable and comparable to penalties in other states
- Establish reasonable and consistent number of returns a practitioner must file before they fall under the mandate.
- Have manageable transition plan for the mandate that eases the impact of the change on practitioners and taxpayers. The transition plan should include an early announcement, thorough education plan, and a phase-in plan for practitioners who are subject to the mandate.