

**Government Subcommittee  
TG2 Webinars**

**June 21 - 22, 2010**

**AGENDA**

**Monday June 21, 2010 – 1:00pm - [Modernized eFile](#)**

1. IRS update.
2. Proposal to change requirement for line number annotations in the schemas from a Best Practice to a Standard.
3. TIGERS state versions of IRS Forms – status and issues on the development of W2G, 1099MISC, and other forms needed by states, and on upcoming changes to W2 due to Health Care Reform.

**Monday June 21, 2010 – 3:00pm – [FinancialTransaction](#)**

1. Ratify change to TaxTypeCode in the Addenda complex type to allow 3, 4, or 5 digit codes.
2. Ratify change to ACHAmountType to make PaymentAmount for ACH debits non-negative.
3. Revisit proposal to make SettlementDate mandatory for ACH debit payments.
4. Determine changes to support full IAT functionality.

**Tuesday June 22, 2010 – 1:30pm – [FSET](#)**

1. Support for older FSET versions
  2. Rules for customization of the schema set
  3. CompensationRate format (all FSET versions)
  4. Support for foreign addresses in older versions
  5. Porting FinancialTransaction changes to older versions
  6. Adding ContentLocation to 4.x versions for compatibility
  7. Other measures to enable migration to 4.x version
  8. Version 4.3 update to utilize Common schemas from MeF version 2.2 plus approved changes
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**Monday June 21, 2010 – 1:00pm - [Modernized eFile](#)**

The following are the State and Federal governments represented at the webinar as well as industry and subcommittee represented:

Arizona	Kentucky	Oregon
Connecticut	Maryland	Pennsylvania
Delaware	Michigan	South Carolina
District of Columbia	Mississippi	Tennessee
Florida	Missouri	Utah
Idaho	Nebraska	Vermont
Illinois	New Mexico	Virginia
Indiana	New York	West Virginia
Iowa	New York City	Wyoming
Kansas	North Dakota	

Internal Revenue Service

General Electric  
CCH

H and R Block

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Bank of America –  
representing New York

City  
Intuit

RSI  
Jackson Hewitt

## TG2 – Officers

Terry Garber – Co Chairman  
Greg Martinez - Co Chairman  
Jonathan Lyon – FTA  
Donna Muccilli – Secretary

Terry Garber – Co Chairman - opened the virtual meeting with a review of the three-day agenda. She then made a request for additions to the agenda. There was one addition requested; Self Filers – General Electric request a discussion about test cases and other issues that are unique to corporate self filers.

### Agenda Topics:

1. IRS update.
2. Proposal to change requirement for line number annotations in the schemas from a Best Practice to a Standard.
3. TIGERS state versions of IRS Forms – status and issues on the development of W2G, 1099MISC, and other forms needed by states, and on upcoming changes to W2 due to Health Care Reform.

After the addition to the agenda, Terry Garber reviewed the official TIGERS change request submission to the Internal Revenue Service as a result of the items approved at the April webinars. The meeting was then turned over to Terry Barrera of the Internal Revenue Service for a status report on the change request and the Services production updates.

The following describes the change requests and status of the request:

<b>Requested Change</b>	<b>IRS Status</b>
State Manifest	
StateSchemaVersion in State Manifest  Please increase the StateSchemaVersion element to maxLength=50 to match the state schema attribute. This is needed to accommodate the TIGERS standard format for a state version identifier.	Change requested submitted for 2011 Schemas  Max length will be increased to 50 characters.
IRSSubmissionManifest vs StateSubmissionManifest Name Control  The IRS utilizes the BusinessNameControlType for individual returns in the SubmissionManifest and the PersonNameControlType in the StateSubmissionManifest.  These two types utilize different patterns. Business: Used for a Name Control. Legal Characters: A-Z, 0-9, hyphen and ampersand. Illegal Character: spaces and symbols. Individual: Used for a Name Control. Legal Characters: A-Z, hyphen and space. Illegal Character: numbers and symbols As a result, a return can be accepted by IRS, but sent to the state with a flag indicating invalid Name Control.  Please change the State Manifest to use the same BusinessNameControlType as used in the IRS Submission Manifest.	Unresolved – See minutes below

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<p>Temp IDs in State Manifest</p> <p>In order for states to process business returns for corporations that do not have an EIN, please implement a choice in the State Manifest between the EIN element and a new TempID element which is a nine (9) character string. It is understood that IRS will continue to validate the EIN contents of the State Manifest, but will perform no validation on the TempID. It is also understood that all state returns utilizing the TempID rather than the EIN must be sent as unlinked returns only.</p> <p>Please also look at whether the TempID can also be accommodated through a choice with EIN in the Acknowledgement schema.</p>	<p>Change requested submitted for 2011 Schemas</p> <p>Temp ID will be implemented as a choice gate. If the temp ID is used no entity Id will be checked. This will affect business and individual schemas. Xan indicated that the temp ID will also be in the acknowledgement</p>
<p>BusinessActivityCodeType</p>	
<p>The states share with IRS the use of the efileType BusinessActivityCodeType to hold the value of the North American Industrial classification System (NAICS) code for a business. The value range of the BusinessActivityCodeType is currently limited at the high end to 813000. However, states have businesses with NAICS codes of 813990 and higher.</p> <p>Please extend BusinessActivityCodeType to include the full range of possible NAICS code values.</p>	<p>Change requested submitted for 2011 Schemas</p> <p>BusinessActivityCodeType will be implemented to include the full range of NACIS code values.</p>
<p>Electronic Postmark</p>	
<p>As discussed in the TIGERS meeting, states would prefer that the Electronic Postmark remain a required element. Many states have programmed to this element, in order not to penalize taxpayers if returns cannot be transmitted to the IRS, or from IRS to the states, for any period of time.</p>	<p>Change requested submitted for 2011 Schemas, however, not as requested</p> <p>IRS will not have this as a mandatory element. As such, the IRS will distribute a new WSDL with the postmark date element as optional in SendSubmission for the transmitters.</p> <p>If a state needs the postmark date, it is the responsibility of the state to develop a business rule to obtain the information. Xan also reminded states that the IRS received date could be used in place of the postmark date since it is available in the get new submission service request.</p> <p>In addition, if a vendor does provide information in the optional element, that the IRS will not reject the return.</p>

Terry Barrera also noted issues that they plan to address for next filing season:

- FIFO Acknowledgements
- Prebuilding of state submissions
- Performance issues with running multiple sessions
- Duplicate submissions with multiple sessions.

The following states are in 1040 MeF production:

Colorado, Georgia, Idaho, Illinois, Indiana, Kansas, Louisiana, Michigan, Montana, Nebraska, Ohio, Oklahoma, Oregon, Rhode Island, Utah, and Wisconsin.

The following states plan to be in production prior to December 31, 2010:  
Connecticut, Delaware, Iowa, Maine, Missouri, Pennsylvania and South Carolina

Terry Barrera emphasized that IRS is putting a performance team into place to address the poor performance during peak load this filing season. Hardware and software will be scaled up for the coming season, which should provide some relief. She and Xan welcome state input as to what worked to help performance, and what seemed to cause issues.

#### Name Control

Terry Garber and Terry Hunt explained to Xan that there is an inconsistency in the IRS and State Manifests (see status chart above). After considerable discussion, the issue remains unresolved. Xan does not believe that the name control is checked. Because this is a "high" priority change request, this topic will be added to the next meeting agenda for resolution.

#### Electronic Postmark

Xan stated that although states wanted to keep the electronic postmark mandatory, it has to be made optional in the SendSubmissions WSDL, as self-filers cannot use this field. It is already optional in the states' GetSubmissions WSDL. States can always set up business rules requiring third party EROs to provide the electronic postmark, but IRS will not reject a submission if it is not present.

#### Concurrent Session Performance

Oregon stated that the proposed ETIN level locking for states defeats the whole intent of the MeF ability to run multiple concurrent sessions. Since MeF download time for 1040s is 2.5 to 5 times slower than legacy, states need the ability to multiplex. Xan stated that locking was the only way to eliminate the issue of states receiving duplicate copies of submissions. He noted that states can request Corporate and Individual returns separately. However Maryland pointed out that if the state uses the same ETIN for both, Individual submissions would still stack up while a large Corporate return is downloaded. Even if separate ETINs are used for Corporate and Individual, it would not be possible to download Individual returns in multiple concurrent sessions. Oregon noted that these problems did not exist prior to pre-building batches.

Xan stated that locking at batch level, as states requested, would not be easy to do. He noted that some of the poor performance was due to a design error in having all files pulling and sending from the same directory. Xan reiterated Terry Barrera's statement that IRS was focusing specifically on performance issues.

#### W2G Schema

Terry Garber noted that TIGERS needed the schema for the addition of the Federal W2G. Terry Barrera indicated that the IRS will be providing the schema to TIGERS shortly.

#### Other IRS Changes

Xan announced that the IRS would be changing Get Reconciliation List, in response to complaints that he had received from several states. GetReconciliationList will now return submissions that have not been acknowledged, whether or not they have been receipted. There was a lively discussion, during which states on the call made it clear that they wanted the current version, where GetReconciliationList returns submissions that have neither been receipted nor acknowledged. Some states would like BOTH versions, and Indiana suggested sub-parameters to be able to specify submissions that were not receipted, not acknowledged, or both. Xan admitted that he should have checked with TIGERS to obtain the majority preference, and that two services may be needed.

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The IRS also announced another change to the WSDL for GetReconciliationList; the BeginningDate and EndingDate elements will be changed to one element; TimeStamp. Idaho asked how tight the timestamps had to be, in order to keep under the 200 submission limit for GetReconciliationList; Xan was not able to provide a response at this time.

Because most of the time for the webinar was taken up by the discussions on multiple concurrent sessions and the Get Reconciliation List service, it was decided to continue the discussions at a follow-on conference call. The conference call was scheduled for July 1, 2010 at 2 PM eastern time during this meeting. Details for the call in number and password will be distributed shortly.

Before the IRS concluded their portion of the meeting, Xan requested that transmitters (states and industry) send data examples of performance or errors that are not valid. Please send the examples to Xan via the 1040 mail box.

At the conclusion of the IRS topics, Terry Garber resumed with the remainder of the agenda.

### **TIGERS Proposal Change to Best Practice**

A proposal was made to change line number annotations in the schemas from a Best Practice to a Standard. Discussion centered on the annual maintenance nightmare of keeping the annotations correct from year to year and what should be done for areas on the form where no line number exists such as the Header. Without resolution and due to time constraints of the meeting it was necessary to table this topic until the next meeting. For now, the line number annotations remain a best practice.

### **TIGERS state versions of IRS Forms**

There was no time to discuss the status and issues on the development of W2G, 1099MISC, and other forms needed by states, and on upcoming changes to W2 due to Health Care Reform, so this item was also tabled.

### **Corporate Self Filers**

General Electric (GE) requested a discussion about testing of self filers due to the uniqueness of the corporate self filers.

Due to time constraints of the meeting and poor telephonic communications, it was necessary to reschedule this topic until the next meeting.

However, after the meeting General Electric contacted the co-chairman, Terry Garber, to offer the following:

- Develop a one to two-page document on self-filer guidelines so that states can at least consider more meaningful test requirements for self-filers.

Terry Garber agreed that it is an excellent idea for GE to develop the "straw-man" document which will be presented at the next round of TIGERS webinars. Look for details in a future email.

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### **Monday June 21, 2010 – 3:00pm – FinancialTransaction**

Roll call was taken; the following states and industry were represented:

Alabama  
Arizona  
California EDD  
Connecticut

Idaho  
Illinois – DOR  
Illinois – DES  
Indiana

Iowa  
Kansas  
Kentucky  
Maryland

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Michigan  
Mississippi  
Missouri  
Nebraska  
Nevada  
New Jersey  
New Mexico  
New York

New York City  
North Carolina  
North Dakota  
Oklahoma  
Oregon  
Pennsylvania  
South Carolina  
South Dakota

Tennessee  
Utah  
Vermont  
Virginia  
West Virginia  
Wisconsin

DRAKE  
CCH  
ADP

H and R Block  
Bank of America –  
representing New York  
City

Intuit  
RSI  
Jackson Hewitt

## **TG2 – Officers**

Terry Garber – Co Chairman  
Greg Martinez - Co Chairman  
Jonathan Lyon – FTA  
Donna Muccilli – Secretary

Terry Garber – Co Chairman - opened the virtual meeting with a review of the agenda. She then made a request for additions to the agenda. There were no additions requested.

### Agenda Topics:

1. Ratify change to TaxTypeCode in the Addenda complex type to allow 3, 4, or 5 digit codes.
2. Ratify change to ACHAmountType to make PaymentAmount for ACH debits non-negative.
3. Revisit proposal to make SettlementDate mandatory for ACH debit payments.
4. Determine changes to support full IAT functionality.

## **Tax Type Code**

Ratify change to TaxTypeCode in the Addenda complex type to allow 3, 4, or 5 digit codes. Request Summary from April 2010 meeting:

Illinois requested that the FTATaxTypeCode in the Addenda Record be changed in order to accept three, four, or five digits, blank-filled to five characters. The motion is made to allow a single digit followed by a blank in the state StateTaxTypeCode; it currently allows either two digits or two blanks. WI suggested that IL zero-fill rather than changing all the schemas for one state.

All states and industry representatives voted for the passage of this change except Wisconsin who abstained from the vote. This request will be included in the next schema release.

## **ACHAmountType**

Ratify change to ACHAmountType to make PaymentAmount for ACH debits and credits non-negative

Request Summary from April 2010 meeting:

Iowa requested a change to ACHAmountType used by the PaymentAmount element, in order to require the element to be non-negative and not less than \$1.00 entries. It was noted that this request could cause problems for states requiring pre-notes because pre-notes require a zero amount. In addition, Wisconsin and Michigan raised concerns that no-remit returns making up part of bulk payments can be less than \$1 and that some states also collect tax due even if it less the \$1 from taxpayers. It was revealed by Iowa that the major concern with the existing element is that it allows negative amounts. After some discussion, it was suggested that to resolve a negative amount entry would be to require a restriction of a minimum

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entry of \$0. A voice vote resulted in a few industry partners and some states indicating that they had no preference, however, there were enough “yes” votes to adopt the change to require a minimum entry of \$0 in the ACHAmount element. The adopted change will be included in the next TIGERS schema release. It was noted that this change would affect all dollar amounts within the FinancialTransaction schema, across multiple TIGERS programs. [editor’s note: because of this, it has been pointed out that this change should be ratified by other TIGERS projects such as FSET and SST – the reason for this special session just on FinancialTransaction.]

This change was ratified by a yes vote from all states and industry representatives. This request will be included in the next schema release.

#### SettlementDate

Revisit proposal to make SettlementDate mandatory for ACH debit payments

Discussion Summary from April 2010 meeting:

Kansas requested that RequestedPaymentDate element for direct debits, including tax payments and estimated payments, be changed to mandatory rather than restricting the requirement via a business rule validation. Kansas made the request because the element is used as a contract between the state/taxpayer in order to debit the taxpayers bank account. A lengthy discussion took place because some representatives do not feel it is necessary to require a debit date especially within the business community, while other states believe it is good practice to require the taxpayer to determine a debit date as well as it helps when warehousing future payments such as estimated payments. The vote resulted in a majority of the representatives voting “no preference” while only 8 representatives vote “yes” and 6 voted “no”. It was suggested that since there was an overwhelming number of “no preference” votes that states seek advice from policy makers in order to determine if the requested change would benefit the state; therefore, this topic will be added to the next meeting agenda or be presented via email for a vote.

As noted in the discussion summary above, this change request was opened for discussion again during this TIGERS webinar. As a result, Terry Hunt of Kansas explained the similar “element” is mandatory in legacy, therefore, for consistency as well as the earlier stated argument it should be mandatory in MeF. Virginia stated that they would also like this element to be mandatory as well as did Connecticut and Kentucky. During the same discussion, several states questioned how states would handle a future or previous date in the field. Kansas explained that earlier dates would be processed using the current process date while future dates are warehoused until such date within the limitation of the state’s business rules or mandates. As part of the overall discussion, it was noted that streamline has a reject code for future dates of more than 30 days, although a few of the Streamline representatives are in favor of making the element mandatory. Other states opposed the change entirely as it affects all tax types. It was noted that a state can implement business rules to require the date.

After the long discussion, a roll call voice vote was taken to change the RequestedPaymentDate element to mandatory rather than optional. The vote resulted in a tie, so there were not enough votes to carry the motion.. Therefore, no change will occur to this element.

#### **Full IAT Functionality**

Scott Mueller (WI) walked the group through an earlier stand-alone schema that he had built to handle the IAT elements. He and Penny Berman (MD) suggested a structure for IAT with a three way choice: the current IsIATTransaction and NotIATTransaction, plus a new FullIATTransaction containing the additional elements.

It was further discussed that the FullIATTransaction should not duplicate elements, such as the payment date, already contained in ACHEntityDetailType or ACHCreditInfo. However, the new structure should include information on the ultimate receiver of the funds, meaning the foreign receiver and not just the US gateway party, as well as the ultimate receiving financial institution.

Due to time limit restriction, a roll call vote was held on adopting and moving forward with the structure described above. There were no opposing votes, and the votes were split between approvals and abstains. Based on this outcome, it was suggested that a “straw man” schema be developed and distributed before the next TIGERS meeting. Comments and discussions will be taken prior and during the next meeting. The finished schema will be up for vote at that meeting.

## **Tuesday June 22, 2010 – 1:30pm – FSET**

Roll call was taken; the following states and industry were represented:

California EDD	Indiana	Pennsylvania
Connecticut	Kentucky	South Carolina
Delaware	Nebraska	Wisconsin
Illinois – DOR	New York	
Illinois – DES	North Carolina	

Bank of America representing New York City  
ADP  
Intuit  
RSI

### **TG2 – Officers**

Terry Garber – Co Chairman

Jonathan Lyon – FTA

Donna Muccilli – Secretary

Terry Garber – Co Chairman - opened the virtual meeting with a review of the agenda. She then made a request for additions to the agenda. There were no additions requested.

### **Agenda Topics:**

1. Support for older FSET versions
2. Rules for customization of the schema set
3. ContributionRate format (all FSET versions)
4. Support for foreign addresses in older versions
5. Porting FinancialTransaction changes to older versions
6. Adding ContentLocation to 4.x versions for compatibility
7. Other measures to enable migration to 4.x version
8. Version 4.3 update to utilize Common schemas from MeF version 2.2 plus approved changes
9. Correction of erroneous mandatory OtherTIN in ReturnHeaderState.

### **Support for older FSET versions**

Terry Garber began the meeting with an apology for having previously taken the position that TIGERS would not maintain older versions of the FSET schemas. She noted that as a result of budgetary constraints many states have not been able to migrate to the newer versions of the schema specifically 4.1. A number of issues have come up across the older versions, such as the ability to handle foreign addresses. It is certainly desirable for such issues to be handled in a standard manner across states, both to reduce burden on industry software developers, and also to provide best practice solutions to the states. As a result TIGERS will support the older releases whenever common issues are brought to the table. While maintaining the older versions, it is TIGERS goal to mitigate all the barriers that allow states to move forward to the newer versions.

### **Rules for customization of the schema set**

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Terry also reminded the group that the FSET schema set contains “master schemas,” that is, they are supersets of all elements requested by the states for the given function. As master schemas, they can be customized by the states for their use, but only within published guidelines:

- States may eliminate elements that they do not utilize.
- States may make elements more restrictive, such as making optional elements mandatory or assigning more restrictive typing.
- States may NOT add any elements or complex types, except through the TIGERS change request process.
- States may NOT make elements less restrictive, such as making mandatory elements optional or assigning less restrictive typing.
- States may NOT change the structure of the schemas or TIGERS-supplied efileTypes/StateeFileTypes/FSETefileTypes.

It was noted that it might be useful to revive the spreadsheet of all FSET elements, and which states used the elements.

### **Contribution Rate format (all FSET versions)**

Currently the annotation and data type do not match. Also, Illinois rate has increased which requires the field length to be increased. Illinois is okay if the field is treated as a percentage element rather than the decimal element for the contribution rate and associated surcharge rate. Rather than changing or adding an element to accommodate the change request, Illinois has agreed to make a business rule to allow for a percentage. However, since the element will remain as a decimal type, Illinois has requested the field length be increased to five 5 decimal places.

A number of possible solutions were discussed. The simplest solution was determined to be to add a new simpleType Decimal6Type, constructed in the same manner as the current Decimal3Type, and to make both ContributionRate and SurchargeRate this new Decimal6Type. This change would not affect any existing instance documents; they would still validate against the new type.

Does this change all schema releases? It will affect those versions used by Illinois (ILL DES is using 2.X and revenue 1.X).

A proposal was made to create a new decimal6Type in StateEfileTypes with a change to the contribution and surcharge rate to use the new type. The changes affect all StateUI and StateCombined schema versions in place.

A roll call voice vote was taken and resulted in the passage of the above-mentioned changes.

### **Support for foreign addresses in older versions**

The current MeF structure was examined, with a choice between a US-formatted address and a foreign-formatted address. Scott Mueller proposed that the FSET BusinessAddressType be modified as follows:

- Leave the Business name, address lines, city, and TIN as they are
- Change state, zip code, and phone number to choices between state/province, zip/postal code, and phone/foreign phone, using the formatting from MeF for the new options
- Add optional country code.

This solution allows the older FSET versions to support foreign addresses, while remaining compatible with existing instance documents. The proposal was approved by roll call voice vote.

It was also decided to create new schema versions 1.6 and 2.2 of FSET to handle the ContributionRate changes as well as the changes to BusinessAddressType, in order not to impact states currently using versions 1.5 and 2.1.

During the discussion to support foreign addresses, a concern was raised about using the IRS country codes versus the ISO codes which are in the NACHA standards for countries. It was further noted that without the ISO codes, the banking industry could reject the request for direct deposit/debits. . It was suggested that the main body of FSET schemas continue to utilize the IRS country codes for compatibility, but to allow states to utilize ISO country codes in the IAT portion of FinancialTransaction. No vote was taken on this; it will be discussed when the new IAT version of FinancialTransaction is presented.

### **Support for IAT in StatePayment**

Various options were discussed, including a choice between FinancialTransaction and StatePayment. Both Scott Mueller (WI) and Peter Santoro (CT) have experimented with adding optional IAT elements to StatePayment in a backwards compatible format. It was determined that Scott and Peter would get together to draft a proposed schema for a vote in the near future.

### **Adding ContentLocation to 4.x versions for compatibility**

JoAnn Costa of California EDD proposed that the three Transmission schemas in the 4.x versions be changed to utilize a choice between ContentLocation – IdType as in the older versions – and SubmissionId – SubmissionIdType as in MeF. Using TIGERS rules for allowing customization by restriction, states could change the choice to simply use whichever one they wished. In this way, the older versions could continue to use ContentLocation without having to change their web services or other protocol code, while those desiring MeF compatibility could use the SubmissionId.

The proposal was approved by a weak voice vote, with no disapprovals but a majority of abstentions. It was decided to include this option in the new 4.x draft for final ratification at the next FSET session.

### **Other Changes**

Terry Garber identified that the OtherTin element in the ReturnHeader was inadvertently changed to a mandatory element. She asked for a vote to return the element to optional as originally designed. The vote was overwhelming approved.

### **Action Items:**

Draft new 1.6, 2.2, and 4.3 FSET schema sets, with the approved changes:

- Decimal6Type for ContributionRate and SurchargeRate (all three versions)
- Updated BusinessAddressType (1.6 and 2.2)
- Updated StatePayment (1.6 and 2.2)
- Choice of ContentLocation vs SubmissionId (4.3)
- Optional OtherTIN in header (all three versions)
- Updating 4.3 to use latest MeF Common schemas, including changes voted on in April and June TIGERS webinars.

These new schema sets will be approved at the next upcoming FSET webinar.

The meeting was adjourned.