

**TIGERS AGENDA AUGUST 5 – 7, 2009
BOISE, IDAHO**

**WEDNESDAY AUGUST 5 – 1:30pm – 3:30pm
(In Kestrels room – joint session with NACTP)
Fed/State 1040/1120/1065**

- IRS Status Update and Issues
 - IRS Status Update
 - Deadline for Commitment for 2010
 - IRSData – New Business Rules
 - Volume Management Plan Update
- State Readiness Status
- Industry Implications of IAT Format
- TIGERS Website Revision

**WEDNESDAY AUGUST 5 – 3:30pm – 5:00pm
(In Two Glens – TIGERS only)
Fed/State 1040/1120/1065, Continued**

- Recap: 2.1 Schema Changes and Standards Document
- FinancialTransaction Customization Sample Set
- Header – IRS Revisions
- IRS Forms in State Data

**THURSDAY AUGUST 6 – 9:00am – Noon
Fed/State 1040/1120/1065, Continued**

- FinancialTransaction Changes to Support IAT
- Best Practices for IAT Implementation
- Software Developer/Practitioner Guides
- Schema Review Process and Status

**THURSDAY AUGUST 6 – 1:00pm – 5:00pm
Motor Fuel**

- Update on Uniformity Meeting
- Review/Confirm the Motor Fuel StateMeF Page

Motor Fuel/FSET

- Use of MeF Header

FSET

- 4.x Finalization
- Gateway Deliverables
- Acknowledgements
- W-2 Option
- FSET Page on StateMeF
- Next Steps and Timing

The joint meeting began with the IRS providing the MeF update. Juanita Wueller provided the following information about the business MeF program:

The 1120 MeF program has transitioned from Electronic Tax Administration (ETA) and is now managed by Submission Processing.

1120 Form Family

- New Forms
 - Schedule G (1120), *Information on Certain Persons Owning the Corporation's Voting Stock*
 - Schedule K (1118), *Foreign Tax Carryover Reconciliation Schedule*
- PDF to XML
 - Form 8926 (1120, 1120-F), *Disqualified Corporate Interest Expense Disallowed Under Section 163(j) and Related Information*
- Form Changes
 - Form 1120/Form 1120-F
 - Form 3800 (1120, 1120-F)
 - Form 4136 (1120, 1120-F, 1120S)
 - Form 4684 (1120, 1120-F, 1120S)
 - Form 5471 (1120, 1120S)
 - Form 6478 (1120, 1120-F, 1120S)
 - Form 6765 (1120, 1120-F, 1120S)
 - Form 8586 (1120, 1120-F, 1120S)
 - Form 8621 (1120, 1120-F, 1120S)
 - Form 8810 (1120, 1120-F)
 - Form 8864 (1120, 1120-F, 1120S)
 - Form 8865 (1120, 1120-S)
 - Form 8907 (1120, 1120-F, 1120S)
 - Form 8909 (1120, 1120-F, 1120S)
 - Form 8910 (1120, 1120-F, 1120S)
 - Schedule H (1120-F)
 - Schedule I (1118)
 - Schedule K (1120)
 - Schedule K-1 (1120S)
 - Schedule B (1120)
 - Schedule M-3 (1120-F)
 - Schedule O (1120)

1065 Form Family

- New Forms
 - Schedule B-1, (1065) *Information on Partner's Owning 50% Or More of the Partnership* (1065)
 - Schedule D-1, (1065, 1065-B) *Continuation Sheet for Schedule D* (1065) (Not needed for MeF)
- Form Changes
 - Form 1065
 - Form 1065-B
 - Form 4136 (1065, 1065-B)
 - Form 4684 (1065, 1065-B)

- Form 8586 (1065, 1065-B)
- Form 8621 (1065, 1065-B)
- Form 8864 (1065, 1065-B)
- Form 8865 (1065, 1065-B)
- Form 8907 (1065, 1065-B)
- Form 8909 (1065, 1065-B)
- Form 8910 (1065, 1065-B)
- Schedule D (1065)
- Schedule D-1 (1065)
- Schedule K-1 (1065)

Business Rule Change

- Form 1065
- Form 1065-B

Form 990EZ, Short Form Return of Organization Exempt from Income Tax

- Schema Changes
 - Yearly Form Changes
 - Part VI, element renamed
- Schedule Changes
 - Schedule A, Public Charity Status and Public Support for Form 990
 - Schedule C, Political Campaign and Lobbying Activities
 - Schedule G, Supplemental Information Regarding Fundraising or Gaming
 - Schedule N, Liquidation, Termination, Dissolution, or Significant

Form 990PF, Return of Private Foundation

- Schema Changes
 - Yearly Form Changes
 - Part VII-A, element changes

Business Return Statistics

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

- **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
- **12 States in Production status for 1065:**
 - AL, CO, GA, ID, KS, MD, MI, MT, 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.

1040 MeF overview

- **Phase I – February 2010**
 - Form **1040** and 22 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)
- **Volume Management Strategy**
 - Intended to phase-in usage of the MeF system for Form 1040
 - Strategy being developed in collaboration with MeF stakeholders
 - Will implement a volume ramp-up plan (draft plan shared with stakeholders on August 3, 2009 and posted to irs.gov on the 1040 MeF-related Transmitters/States web page at: <http://www.irs.gov/efile/article/0,,id=204750,00.html>)
 - Technical Support will be provided (including daily conference calls)
- **e-File Application**
 - e-file Application has been updated to add "*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.

Key 1040 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
- 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**
 - **Note:** Pub 4164 will include 1040; Pub 4163 will continue to be business-only, and a new publication will address 1040.
- **Start of Filing for MeF 1040**
 - Was given as February 15, in order to be past “first peak” before opening up MeF filing
 - February 15 is a federal holiday, and also the key 2290 peak, so the start of MeF 1040 will now be February 17, 2010.
- **MeF 1040 web pages on irs.gov**
 - Located on the ‘Coming Soon to the MeF Program’ page at <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>

Jonathan Lyon noted that IRS had given states until July 31 to state whether they would be participating in MeF 1040 in February. As of now, sixteen (16) states have committed for February, and he is waiting to hear from NJ and HI. Remaining states cannot participate until April 16. At this time there are 14 states for 2010 post April 16, 5 for 2011, and 2 for 2012.

Terry Garber continued the meeting with a quick overview of the IAT requirements which led to a lengthy discussion on the "rules" of the originator of the payment and the language we might adopt for due diligent statements. Additionally, Terry advised that states can get additional information on IAT on the FTA website at www.taxadmin.org. It is also important that states obtain the "IAT Survival Guide" publication from NACHA.

Meeting as TIGERS only, the group created a generic due diligence statement for the IAT requirement after a variety of iterations. The final statement is:

"In order to comply with new banking rules, please answer the following question: will the funds for this payment come from (refund go to) an account outside the US?"

The group thought that the due diligence statement should be configured as a Boolean rather than checkbox to force a response within the schema which makes it more interactive – paper will still have possibility of not checking box.

The agreed upon statement and suggested "type" works for tax forms, however, it was noted that during a registration situation or a change in the taxpayers' banking information would require the taxpayer to contact the agency of any changes.

A review of Scott Mueller's schema for the IAT was conducted. The schema was ideal for states that would produce a check rather than completing the IAT. It was noted that a schema needs to be developed for the new IAT addenda for other states. Since so few states were able to attend this meeting, Terry announced that a webinar specifically devoted to developing the IAT schema will be scheduled shortly after this meeting.

Follow up questions on the IAT were:

1. What about back year returns, where the form cannot be changed"
2. What about military personnel serving overseas?
3. What about a branch of a US bank located in a foreign country?
4. What about the legacy 1040 (EMS) format?

The group discussed the need to re-add the state 1099G/Int/Misc and W2G to an upcoming Release 2.2 of the MeF schemas. It was noted that for some states that require the full copy of the federal form to be submitted with the state form, the W2s and 1099s would be included and would suffice. It was

agreed that the use of the IRSForms folder to receive W2s and 1099s with the state filing should be optional and indicated as such in the Standards.

The remainder of the meeting was spent on FSET. Because of time constraints, Motor Fuel was not covered during this meeting.

It was reported that FSET has one outstanding issue-- Florida Reporting Agent Number, all other "outstanding issues" have been addressed.

A decision to handle Florida's requirement was resolved by adding an optional element to the FSET extension.

As it stands, v 4.0 was approved. Version 4.0 will be replaced with 4.2 version of FSET has been approved for publishing in order to reduce any confusion as to the version in production. It was determined that V 4.2 will be published by August 10, 2009 with the exception of the IAT requirement in the Financial Transaction schema.

In addition, all other 4. X Versions listed on statemef will be deleted. And, 3.3 which is in production in California will be moved to production status. All other topics in FSET will be deleted from state mef except Discussions, Gateway, and exchange data elements.

During the discussion of V 4.2 version it was discovered that the package did not contain an acknowledgement schema. It was determined that the MeF acknowledgement will be used and will be included in the publishing of 4.2.

Richard Rogers (CA/EDD) and Scott Mueller (WI) are working on the gateway package. Scott is working on code to generate the WSDL. Methods have been defined and documented, but not proofed. It would be a great exercise if a new FSET state picked up the gateway work and carried it through to implementation.

The following Action Items were discussed and agreed upon:

- Add Ack and Ack Transmission to package before posting 4.2 package.
- State IAT webinar on August 13.
- FSET to develop IAT addition to StateEnrollment schema.
- TIGERS to add IAT to FT.
- TIGERS webinar scheduled for August 20 to bless Financial Transaction and wordings and any other technical guidance.
- FSET webinar to bless adoption of Financial Transaction and Changes to StateEnrollment to be scheduled.
- Scott working on wsdl and soap wrapper.
- Faye has developed the guidance document but wants the working group to review before presenting to TIGERS.
- FSET working group will present gateway, soap, wsdl and white-paper documentation (proof of concept) during September webinar.

It was noted that several additional states (TX,PA, UT, with AZ and IA working on it) have implemented FSET for Unemployment Insurance. Since the implementing agencies are not departments of revenue, the folks generally do not attend TIGERS meetings. We need to be sure that they are notified of the next webinars.

SSA Review

Pat Dempsey indicated that he is busy trying to convince SSA to use XML as its approach for its upcoming modernization effort. He needs to show dollar savings. Since SSA already receives 80% of its data electronically, there is not much advantage in one format over another,

The IRS W2 schema was discussed as a basis for SSA look at XML. The benefits of having SSA, IRS, and states all using the same schema for W2s would seem to be significant, but it is difficult to quantify them.

Pat noted that there is still no further guidance on the idea of "more frequent" filings. It is expected that there will be a line item in the FY10 federal budget directing SSA to complete a study. He may have more for us by the spring 2010 TIGERS meeting.