

**TIGERS**  
**SEPTEMBER 22 - 26, 2008**  
**PITTSBURGH**

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Terry Garber made introductions and reviewed the weekly agenda. It was noted that there were no additions or recommended changes to the agenda.

Terry also announced the location and dates of the next TIGERS Meeting. The meeting will be held in Tucson AZ beginning December 8, 2008. The hotel is the Marriott at the University of Arizona. Please wait for the announcement prior to making hotel reservation, but also make your reservations early so that Jonathan can reduce the number of rooms if attendance is low due to state budget constraints.

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The meeting agenda was as follows:

**MONDAY 9:00am – 5:00pm**

**Fed/State 1040**

- IRS Status Update
- Discussion: TIGERS 1040 Directions
- 1.5 Schema Changes
- FinancialTransaction – Proposed Revision
- TIGERS 1099/1098/W-2G Schemas
- Examples from Reviewed State Schemas

**TUESDAY 9:00am – Noon**

**Fed/State 1120/1065**

- IRS Status Update
- Recap: Schema Standards Changes
- Category to Forms-based Migration
- Examples from Reviewed State Schemas

**TUESDAY 1:00pm – 5:00pm**

**FSET**

- Gateway Development
- Packaging
- 4. Something Status

**WEDNESDAY 9:00am – 5:00pm**

**FSET**

- New Employee/New Contractor Schemas
- Enrollment and Data Exchange Schemas
- Acknowledgements
- W-2 Option
- Next Steps and Timing

**NOTE: Full X12/G meeting will be held at 10:30 am – FSET will take a break.**

**THURSDAY 9:00am – 10:00am**

**MOTOR FUEL STATUS UPDATE**

**THURSDAY 10:00am – 5:00pm**

**Streamlined Sales Tax**

- Status of Agreement Changes
- Schema Version SST2008V2.0
- Registration Changes
- SER Changes
- FinancialTransaction
  - Changes Proposed By MeF
  - Restrictions
  - Bulk Payments
- Implementation Guide
- Next Steps and Timeline

**FRIDAY 9:00 – Noon**

**Full Electronic Return**

- FERV1.5.2 Recap
  - Thirteen Month Filers
  - Harmonization
  - Mappings and Instance Document Examples
  - Next Steps
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**FED/STATE 1040 MEF**

**IRS UPDATE**

Carol McLaughlin recapped the funding and technology challenges for the development services division which have caused the IRS to delay the start of the 1040 MeF until at least 2010. During this delay, the IRS is conducting a total assessment of all IT projects. The assessment will include risks, costs and cost cutting measures. By October 3, the ETA group is hopeful to have proposal to development services on to how to proceed. Deployment is proposed for January 2010 with 22 forms and schedules. If the deployment date remains January 2010, ATS would be conducted in November 2009.

If you have any comments or concerns with the January 2010 date or anything else, please send comments to Carol via [Carol.M.Mclaughlin@irs.gov](mailto:Carol.M.Mclaughlin@irs.gov).

Milestone Three has been extended by four months. Milestone Three is the requirements document for the system.

No future dates have been proposed at this time. There is still talk of having three phases to the rollout. However, nothing is solid.

Tax Year 2008 will not be put into production in MeF.

A question was asked if the IRS intends to “hold” the fed/state portion of 1040 MeF in the assessment. Carol indicated that the IRS knows that states have commented a large amount of resources; both fiscal and man-hours and that is a major consideration when conducting the assessment. At this point, Carol was not able to provide an affirmation of consideration.

The delay of MeF1040 will not affect the current business MeF programs. Nor, will it affect new states from coming in the 1120 or 1065 programs.

It was asked if the IRS is continuing with schema development, etc for the current MeF programs. Carol indicated that business schemas are being developed in-house for business and a few people working on 1040 schemas.

Mark Castro recommended that the 1040 Working Group continue to meet since there is still a great deal of work to accomplish.

Since the IRS has not released their final 1040 schemas, the TIGERS schemas may still need to be “tweaked” because the TIGERS schemas are based on assumption of what the final IRS schema.

**1.5 SCHEMA CHANGES**

Terry Garber reviewed the 1.5 schema changes to the Common Folder which includes the addition of the Internet Protocol Address information, Financial Transaction, Submission ID and StateFileTypes.

**INTERNET PROTOCOL**

The internet protocol elements do not include all of the IRS internet protocol elements because of non-use. Also added was a new complex type of `InternetProtocolType`. The type includes `IPAddress`, `IPTimestamp`, `IPEmailAddress` and `IPmailindicator`.

The group agreed to remove the IPEmailindicator as it was unnecessary element. It was also suggested that we include an annotation as to what we want gathered from and where on the IPAddress etc.

There was also a discussion about whether or not the IPEmailAddress belongs in the IP information. It was decided that the email address will be taken out of the IP information and each state will put it in their form for individual and in the header for business taxes.

Conclusion is that InternetProtocol will be reduced to only two elements; IPAddress and IPTimestamp.

The IP information is the only change to the Header.

### **SUBMISSION ID**

SubmissionID was modified to accept alpha and numeric characters because TIGERS numeric only element did not accommodate enough characters for the number of submissions. This modification is required retroactively for business returns (category and forms-based) in order to accommodate the use of this today.

### **FINANCIAL TRANSACTION**

A revision to the FinancialTransaction.xsd was made which includes elements to allow for bulk payments and ACH credit payment information to the states. The revision now allows for backward compatibility and for states to restrict within the schema.

In addition, the revisions allow Streamline Sales Tax to use the Financial Transaction Schema and further harmonize the schemas across tax types. The common restrictions are: only allow refunds; only make an estimated payment; only allow a payment, etc.

After a lengthy discussion about the restriction of the financial transaction it was decided that TIGERS will create a folder of several common financial transaction schemas in state common folder that can be used by states. However, if a state needs a different option, the state can:

- Request TIGERS to build a custom version
- Or
- Submit their version for approval by TIGERS using the Change Control Procedure.

To ensure that everyone restricts in the same manner, TIGERS will post to statemef.com the schemas which contain the restrictions. The TIGERS standards in which a state must follow is to use one of the "common restriction" schemas. Based on these schemas states would be able to restrict the number of occurrence, but not other elements like the phone number. It also agrees that these restricted schemas are compatible with previous versions.

### **ADDRESSTYPE**

A minor change was made to StateFileTypes in the address. Prior to the change, all elements were optional. Now, AddressLine1, City, State, and Zip are mandatory in the USAddress and AddressLine1 and Country are mandatory for ForeignAddress.

### **W2 AND 1099 FORM SCHEMA REVIEW**

A review of each form schema was conducted. Many of the elements used are directly from the IRS W2 in order to be in line with the IRS. Industry has requested that we do not change any IRS names, but rather keep them identical. One state included a document ID for the forms and after which comments were requested.

TIGERS will recommend that the IRS reduce the number of occurrences in the state element on their wage or income forms.

It was decided to have a small working group to determine the 1099G schema. The group consists of Greg Martinez, Timur, Stephen Abel, Mary Thomas, Donna Muccilli and Penny Berman.

After much discussion, it was decided that a survey of the states will be conducted to determine whether or not schemas there is a need to develop schemas for 1099INT 1099R and 1099MISC TIGERS. Based on the outcome, TIGERS determine any necessary action items.

An additional task group was created to develop, at least an outline, for the 1040 Developer's Guide. It is expected that the group will present their recommendation at the December meeting. The Task Group includes: Mark Castro, Michael Rodriguez, Janice Wright, Darci Wiebe and Donna Muccilli.

## **FED/STATE 1120/1065 MeF IRS UPDATE**

Carol McLaughlin presented the latest statistics on the number of corporate series and partnership returns received through the IRS gateway. The number of fed/state returns received has increase from a little more than 55,000 to 177,276 this year. Details of the activities can be found at [www.statemef.com](http://www.statemef.com).

Carol also discussed the importance of adhering to the 1120/1065 schedule for ATS and Production processing. The schedule is available within the IRS presentation on [www.statemef.com](http://www.statemef.com). In addition, she also covered the need to have strong authentication procedures in place by January 5, 2009; passwords are no longer acceptable.

The IRS has proposed a change to the "Get New Submission" process. The change was needed due to state time-outs, extra time spent in retrieving and packaging the submissions, to eliminate client wait time and to eliminate all time-out issues.

- Ready to go submissions – prepackage of submission by ETIN and submission category
- Deliver the file or provide a message that there are no submissions
- Retain the "package" for a specified time- this still needs to be determined
- Package size that a state can handle must be determined but cannot be larger than the IRS sizing of 2 gigabyte.
- IBM – the IRS contractor – has suggested that each state will have a profile. By developing a profile, states can have an individual profile rather than having a universal profile. States would be given an opportunity to update profiles annually; probably before the test period.
- Profiles would be available by category.
- These changes would not be implemented until 2010.

More details about the proposed changes and requirements gathering will be discussed at later TIGERS meetings and at the IRS 1040 Working Group meetings. In addition, the proposed changes will be implemented even if 1040 MeF is delayed further.

Carol also reminded us that there is a MeF Status Page on IRS.gov at [www.irs.gov/efile/article/0,,id=168537,00.html](http://www.irs.gov/efile/article/0,,id=168537,00.html) to provide users with the most up-to-date status. States should check this page to determine the status of MeF prior to contacting IRS with a system outage problem.

The IRS had previously agreed to validate EFIN on business returns; however, with the funding issues and re-prioritization of all MeF programs, validation may be delayed. An update on this topic is forthcoming as the IRS has additional information. Carol did indicate that the EFIN on the 1040 returns will be included when 1040 MeF is implemented.

## **SCHEMA CHANGES for 1120/1065**

Terry Garber recapped the schema standard changes that were decided in the 1040 session and how they would affect the 1120/1065 schemas. The changes that impact 1120/1065 are:

- the addition of the ACH credit information in FinancialTransaction.xsd
- the ability to restrict the FinancialTransaction schema. The restrictions are discussed in the FinancialTransaction topic listed previously in these minutes.

Another change to the Header in the Common file was the introduction of the Internet Protocol-optional element- which does impact 1120/1065 at this time because a pre-package software or web application is used to file these returns.

It has been strongly suggested that states who have delayed the development of corporate/partnership in lieu of development of 1040 should reconsider ramping up the 1120/1065 development again with the announcement of the delay of implementation of 1040 by the IRS. This is a good time in which to perfect the communication gateway and schema development of 1065/1120 while waiting for 1040 implementation.

#### **CATEGORY TO FORMS-BASED MIGRATION**

A discussion on migrating the category-based 1120/1065 schemas to forms-based took place. A great many of states are still category-based. Wisconsin is in the development stage for forms-based. However, Wisconsin will be running both category and forms based until industry demands differently. Wisconsin used the spreadsheets from category-based and faced only minor challenges in refining the elements for forms-based.

Industry asked for the following information about category-based states and when will they switch to forms-based. Here are the results:

MD - will be forms-based for TY 2008  
MI – Category-based for TY 2007, forms-based for TY 2009  
CO – will be going forms-based for TY 2009  
SC - will stay category-based for TY2007  
FL - will be category-based, will convert to forms-based for TY 2010  
KS – category-based for TY 2008 and forms-based for TY 2009  
WI - will run dual schemas  
PA – category-based with possibility of forms-based for TY 2009

States have been asked, by industry, to keep the production and contact spreadsheet up to date because some data is out of date.

#### **CHANGE REQUESTS**

Category-based schemas change requests were reviewed, discussed, and approved. The changes were requested by Kansas. The changes can be found on the change log at [www.statemef.com](http://www.statemef.com). It was also noted that when adding forms, although it is in category-based schema, the structure is designed around forms-based schema to promote reuse when the state migrates to forms-based schemas.

A new category-based schema version 2008 V1.0 will be forthcoming with Kansas' changes and additional versions will be released as change requests are received from Alabama, Wisconsin and South Carolina. Please see [www.statemef.com](http://www.statemef.com) for the new releases and the TIGERS listserv for announcements on the release date and version numbers.

### **FEDERAL/STATE EMPLOYMENT TAXES (FSET)**

#### **GATEWAY DEVELOPMENT AND PACKAGING**

This session began with the reminder of our direction and that we need to stick with the objective to develop the "modernized" method for FSET to be implemented as soon as possible so that states can synchronize FSET with the other MeF programs they are running since the IRS will not be in 940X production prior to 2012.

Richard Rogers from California gave an overview of the MeF and California gateway options. He reviewed the difference between submission return bases vs. message transmission based process. For detailed documentation, please view the information on [statemef.com](http://statemef.com).

It has been recommended, that unless there are particular issues with the way the gateway works with MeF, that FSET uses the MeF model for communication. For example, the transmitter generates number rather than the previously suggested that the gateway generates the submission number.

Richard also reviewed how the Messages and Submission ID works in MeF from the transmitter's perspective. This was done for the benefit of those states and industry that do not use MeF currently. There was no objection from the group to use this method; industry strongly agreed with this approach.

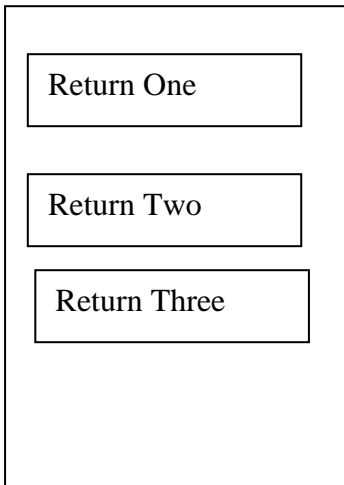
It was also recommended that certain services be included in the first rollout of FSET MeF. The services should include:

- Get Acks
- Get New Acks
- Get Acks by Message ID
- Get Submission Status
- Send Submission

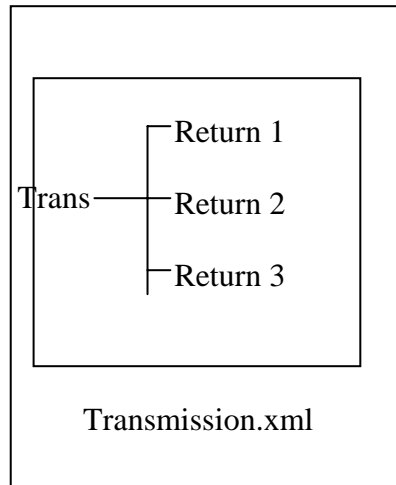
For the purpose of the gateway, it is assumed that there will be thousands of submissions zipped into one package (message).

Two packaging proposals were submitted for consideration; they are:

Package One  
MeF Model



Package Two  
Bundled Model



After a lengthy discussion about advantages and disadvantages of the two packages, it was decided that FSET could and will support both packaging models. This determination results in continuity in applying the returns standards and best practices within the package. It will be the decision of the states and vendors to determine if they can support both or a single transmission package.

Also noted is Package Two – bundled model is best used for all communications other than A2A.

It was also noted and agreed upon that each submission would be acknowledged (AKA acknowledgement 2); however, the acknowledgements are returned in the same manner the transmission was received. In addition, the acknowledgement 1 (AKA receipt) is the receipt of the transmission package and is synchronous (within session).

The acknowledgement (ack 2) will be at the return level, and is dependent at the agency discretion and the threshold rather than setting a standard limitation.

An agreement was reached to use all the service methods discussed (see models in the presentation) regardless of the packaging model used.

The working group will develop the technical specifications and best practices documents and make it available for review and approval at the next meeting. This will aid in setting up the implementation of the gateway.

**VERSION 4 STATUS**

Scott Mueller of Wisconsin recapped the structure for the MeF version of FSET. After minor modifications such as reducing naming conventions to a length of 30, adding independent contract reporting and new employee registration, version 4.0 is now harmonized with the other modernized structures. The only difference from MeF to FSET is that the SubmissionID is in the ReturnHeaderState rather than in the manifest.

A discussion ensued as to whether or not the submissionID is placed correctly within the structure. It was decided that submissionID will be "housed" in the header.

In the A2A environment the package will have all the transmission information in a separate transmission.xsd and will contain the same elements as the transmissionheader.xsd not in the SOAP message. The SOAP message will only contain the authentication data. In the other communication arenas, the transmitter information will be found in the TransmissionHeader. This approach was adopted through a majority vote.

It was also noted that folder structure needs a little "clean-up." Penny Berman offered to assist Scott in the clean-up effort prior to the next meeting.

It was recommended that TIGERS develop a transition document for service providers to get from the "old FSET" to the modernized FSET standard. Scott Mueller offered to assist Richard Roger to develop the document.

With the MeF structure and packaging, states will be able to control through business rules the type of returns contained in a transmission.

### **ACKNOWLEDGEMENTS**

An extensive review of the MeF vs. FSET acknowledgement analysis completed by Scott Mueller was conducted. As a result of the review, the following actions were agreed upon:

- TIGERS will move away from the current FSET acknowledgements set.
- The acknowledgement will be only at the submission level rather than a multi-level acknowledgement previously used in FSET.
- FSET will use the IRS MeF schema
- It is necessary to wait for the IRS to determine the definition change of "filing status" before final adoption of the acknowledgement.

A request to add a confirmation number to the acknowledgement which is consistent with the enterprise solution was discussed at great length. During the discussion, it was pointed out that the submissionID is the unique number and would be the way the Service Provider would communicate with the state agency to validate whether or not a submission was received, accepted or rejected.

### **ENROLLMENT AND DATA EXCHANGE SCHEMAS**

A review of the DataExchange component of Version 4 revealed that the EnrollmentState as an "enrollment" is a separate submission with a submissionID. This method allows for an acknowledgement for each enrollment.

It was decided that EnrollmentState needs to be reviewed again, specifically StateGeneralInformation and the ability to combined EnrollmentDataState and FinancialInformation. The team will include: Faye Shea, Joyce Inouye, Toraino Owens, Angela Gridley, Penny Berman and Donna Muccilli.

In addition it was noted that DataExchange has the same structure as Enrollment and needs some rework. The enrollment team will work on the DataExchange structure.

California recognized that the DataExchange does not clearly define what the data exchange is requesting. For example it does not identify if the service provider wants EFT information, Filing frequency, etc. With the lack of clarity, it was determined that the DataExchange schema needs extensive revision, including a "how to use" the exchange.

It was also determined that the DataExchange response from the state is actually a service request which is similar to an acknowledgement and probably will require a separate set of service type such as GetDataExchangeResponse. One consideration is to get the response through the "get acks" which have been categorized (by filing type) by acks and responses. This topic will be discussed further at the next meeting.

During this meeting, we were unable to address W2 options as listed on the agenda. This topic will be on the agenda for the December TIGERS meeting.

**Full X12/G meeting will be held at 10:30 am on Wednesday, September 24, 2008.**

Minutes from this meeting can be found at [www.acsx12.com](http://www.acsx12.com)

**MOTOR FUEL**

Stan Whaley conducted a review and status update of the XML conversion for motor fuel. This is the same data Stan presented to the Uniformity Committee. The presentation is available at [www.statemef.com](http://www.statemef.com).

The presentation provides the requirements, concepts, and advantages for a conversion from EDI to MeF for Motor Fuel reporting and payments. It also offers an overview of the high level design structure.

In addition, Stan reviewed the outstanding questions from the committee that the task team is working on. The full Q&A document is located on statemef.com

**STREAMLINED SALES TAX**

Terry Garber started this session by thanking Kenneth Love for his hard work and quick response for developing the "lions-share" of 2008 V2.1 schema within a very short time after the conclusion of our last meeting.

Terry also reviewed the session agenda for those members who were not at the meeting earliest this week.

**STATUS OF AGREEMENT CHANGES**

Dave Thompson provided the following status updates:

- Jerry Johnson presented amendment #AM07036A07 to the Governing Board. Currently it needs a second vote before it can be approved by the Governing Board. This Amendment expands the SER, registration and bulk payments with dates for implementation. To review the amendment, go to the Streamlined Sales Tax website.
- Governing Board approved adding two fields to the current schema: stateid (state generated number) and tax due for food & drug. This may require an interim schema set prior to the December Governing Board Meeting.

**SCHEMA VERSION SST2008V2.0**

A review of the revised schema was conducted. It has been noted that the revised registration transmission schema has not yet been approved for implementation. The revisions include:

- DocumentType enumerations were changed to indicate that this submission is a registration.
- Adoption of the standardized MeF address types which includes adding required elements and making Foreign Address postal code optional while City remains as a mandatory element.
- Added responsible party which provides for up to 100 parties. It was suggested that the ownership percentage and phone number would be optional. Dave noted that a great deal of discussion is taking place throughout Streamline before the final elements are decided in this area.

Because of other upcoming changes that are being discussed and streamline issues, it was agreed upon that no changes be made to the registration schema at this time. However, the potential mid-term changes such as state selection, responsible party, etc. could be implemented pending Board approval.

- A disaster relief element (optional) was added to the revised Header schema as well as adding the stateid element. However, none of these revisions are



permanently added to the schema until Governing Board approval is received. Dave Thompson indicated that this might be passed at the December meeting.

Significant proposed changes to the revised SER were discussed. The proposal includes:

- Tax Calculation increased to two occurrences
- Splitting the tax calculation into General Tax and Food and Drug Rates

Willie reminded us that the Governing Board agreed to have only the addition of one element to the tax calculation for tax due of Food and Drugs (optional element). Therefore, only the one element – StateTaxDueFoodDrug is being added to the SER at this time.

The other approved element; StateID (optional element, String20Type) will be added to the ReportFilingHeader. It was agreed upon that it would be modified to a choice with SSTPID therefore requiring one or the other ID. Dave will survey states to ensure that String20Type is sufficient for the states.

In addition, the proposed changes to ExemptionsDeductions will not be implemented at this time because the Governing Board has not yet approved the proposal.

## **FINANCIALTRANSACTION**

Terry Garber reviewed the proposed changes to the FinancialTransaction schema to meet Streamline Sales Tax need for ACH Credit Information and consistency with MeF. The changes include:

- adding a choice gate for state payment, refund or ACHCreditInfo
- an optional element for Estimated Payments
- accommodates bulk payments

It was noted and agreed upon that the addenda record should be optional, but make the TaxpayerIdentification, TaxPeriodEndDate and TXPAmount within the record mandatory.

If it is desired to have a CSP to send bulk payment, some modifications to the ReportFilingHeader and move the ReportFilingHeader within the SimplifiedElectronicReturn sequence. It also requires moving the FPIS element to the header.

Industry agreed with the proposed changes.

After a discussion of the proposed FinancialTransaction changes, the membership agreed to the changes but the requirement for bulk payments implementation is several years away. It was decided that it would be a good idea to replace the current FinancialTransaction schema with the proposal, but will have to be presented to the board for approval.

The 2009 V01 schema with the two additional elements – StateID (string type [20]) and StateTaxDueFoodDrug (AmountType) will be implemented in January 2009. Terry Garber made all schema changes on the fly and published immediately for comments on [www.statemef.com](http://www.statemef.com). All changes were also posted to the change log, and the version number was updated throughout the schema set.

The revised FinancialTransaction and the split tax calculation are scheduled for implementation in the March 2009 schemas.

The membership determined that there will not be any new version(s) releases for the remainder of the 2008 calendar year.

It was also noted that the Implementation Guide must be updated to match the changes made today. The guide is currently under revision and is expected to be published by January 2009 according to Dave Thompson.

#### Next Steps and Timeline

- A conference call will be scheduled to review the proposed 2009 V01 Schema on Friday, October 3, at 3 PM Eastern Time.
- Implementation Guide revision.
- Determine cutover date for 2009 V01.
- Create March 2009 (mid-range) schemas and publish for review and comments.
- Review Error Code
- Schema Definition Review
- Discussion on the outstanding Amendment.

### **FULL ELECTRONIC RETURN**

#### **FERV1.5.2 RECAP**

Scott Mueller reviewed the modifications he made to harmonize the FER with MeF structure. Some of the revisions included the addition of the LocationID and FinancialTransaction. He indicated that he is still working on the file structure of the Common Folder.

There are still some minor revisions needed before he can finalize the packaging of the FER. Scott also indicated that it would take short order to publish this version for comments and approvals.

There was also a discussion of using a forms-based approach for FER. Scott reviewed the "skeleton" of the conceptual theory for consideration.

A philosophical question was raised as to whether or not we should use the forms-based approach that we used for business and individual income or use the generic approach as currently developed in the FER schema. After a short discussion, industry would prefer the generic schema because it would be a burden to revamp their systems to accommodate a forms-based approach. Therefore, the direction we will take is to build the unique situations into the current generic schemas.

In addition, Scott reviewed the transmission structure which could allow for multiple filings. However, it is strongly suggested that through a business rule, only one filing would be allowed per transmission.

Scott will also modify the schema to include a "PIN" for the taxpayer.

Scott anticipates publishing the schema by October 3, 2008 on statemef.com for public comment. Responses and suggestions would be expected within two weeks of the publish date.

#### **MAPPINGS AND INSTANCE DOCUMENT EXAMPLES**

David Rossing of Vertex mapped and created schemas for 20 non-streamline sales tax states' sales tax returns for review. David identified eight unique situations from these states and formatted how the current schema could support them rather than drastically altering the schema by state. The presentation can be viewed on statemef.com.

The review of the instance document examples validates how the FER's underlying structure works and only requires refinement and definitions.

David and John Glaubitz from Vertex will work further with the existing schemas and make suggestions on how we can improve the current structure to work for all non-streamline states. One suggestion is to add a donation element for such states as Louisiana. Scott send the schema set to David and John so that they can incorporate their schema suggestions for the next meeting.

Remaining issues include:

- Thirteen Month Filers
- Harmonization