

1040 Working Group/TIGERS Webinar Tuesday April 6

The purpose of this interim webinar meeting is to conduct an IRS 1040 Working Group meeting as well as discuss and vote on changes to the current TIGERS MeF Schemas.

Terry Garber began the meeting by reviewing the agenda then she turned the meeting over to the IRS to conduct their 1040 Working Group Agenda. The meeting agenda is as follows:

AGENDA:

- IRS 1040 Working Group Meeting
- State Manifest Issues
- Temp IDs in State Manifest
- County Codes IRS vs TIGERS vs ISO
- EmailAddressType Restrictions
- Schema relative paths
- Electronic Postmark Clarification
- Four FinancialTransaction issues:
 - Revise formatting of TaxTypeCode in Addenda
 - Require minimum \$1 for ACH transactions
 - Make RequestedPaymentDate mandatory
 - IAT Data
- Complete the discussion of Temporary IDs
 - Submission Manifest – unlinked only
 - State Return Header
- StateSubmissionManifest – standard to require SubmissionType in manifest to equal ReturnCode in ReturnHeader
- NAICS Codes upper limit extension to allow 6-digit NAICS.
- Recap and Action Items

1040 WORKING GROUP

Valerie Gunter, opened this portion of the webinar with a brief agenda which included:

- 1040 MeF Status Update
- Processing Update issues
- Error Reject Code 1274 – Form 8910
- April peak processing
- 1040 Phase II Topics for future Meeting

1040 MeF Status Update

Stats indicate that overall 1040 MeF is going well; as of 4/10 4.77 million submitted and 3.67 million accepted
490,000 received MeF submissions with 420,000 accepted.
17,688 state submissions were transmitted to the participating states of which 14,454 linked 3,224 unlinked.

No projections were established for 1040 MeF due to the new platform therefore, no comparables are available.

Valerie indicated that the IRS will provide EMS numbers so that we can compare in order to determine how the filing season compares to previous filings.

IRS indicated that business returns through MeF are running about 27% above last year.

Although the IRS will not disclose transmitters, feedback is positive with only some minor 1040 startup issues.

Business filing submissions are steady with a peak on March 15 with 500,000 submissions in a single day. This peak submission day resulted in the IRS experienced a slow response time on submissions and acks however, the IRS quickly put in fixes on the system and this problem should not reoccur on the 1040 April 15 deadline.

Processing Update Issues

The IRS has made some changes to business rules that will or have been completed.

- 1040 MEF business rule 515 duplicate return filed—March 28, rejected returns came through as duplicate – IRS made a fix and cleared the rejects that occurred.
- Business rule page – business rules that are updated and added 1040-168 added for foreign returns and corrected business rule 1040-034 withholding from K-1 was note recognizing the with. 1040-071 check for more income than withholding---not picking up all calculations –fix in
- 1040-144 – POA --- no surviving spouse indicator or representative.
- Schedule A in the season, the vehicle tax was not picked up on all submissions, some work is still needed to complete.

Valerie suggested sending information to 1040 mailbox on the Schedule A vehicle tax issue if help is needed to resolve clients' returns. It was noted that the Schedule A vehicle tax is only on MeF submissions.

The IRS encouraged all participants to follow the change page for 4.1 version at irs.gov

Error Reject Code 1274 – Form 8910

Please be advised that implementation of ERC 1274 will occur on April 8, 2010 in the 11:00 am drain.

Form 8910 – Date Vehicle was Placed in Service (SEQ 0050, 0140 and 0230) must be later than 12/31/2008 and before 01/01/2010.

This revision will be reflected in the next update to the Tax Year 2009 Publication 1346.

April Peak Processing Projections

Next Thursday – system is ready! IRS does not anticipate any issues with the peak. They will leverage all communications should there be any processing/submission issues. April is 75% volume control from transmitters.

After 15th the volume control will move to 100%.

Any disaster relief indicators don't appear to be an issue, but questioned were raised about the handling of Extension Submissions. The IRS will investigate how the system will handle the later submissions and provide updates at the next 1040 Working Group Meeting.

1040 Phase II Topics for future Meeting

IRS is calling for topics suggested for subsequent calls to begin dialog on the next couple of meetings. The agenda items for the next call include:

Schedule E Line 18

Form 2106

Paper Indicator

Business rule regularity

Valerie indicated that any other suggestions for future topics should be sent to 1040 mailbox so the IRS can include them on the agenda.

Practitioner's Questions

No questions were raised from the practitioner community.

IRS stated that the next schema release is scheduled for implementation in July which will include FORM 2290.

The 1040 Working Group Meeting concluded with the IRS stating that the next 1040 Working Group Meeting will be conducted at the end of May. Details of the meeting will be sent via email to the 1040 Working Group ListServe.

TIGERS MEETING

Terry Garber, Chairperson, began the TIGERS portion of the meeting with roll-call. Roll-call was taken in order to determine which states and industry representatives were on the call for voice-vote purposes on proposed schema changes.

The following states and industry were present at the webinar:

Mississippi	Iowa	Oregon
Arizona	Utah	Vermont
West Virginia	Virginia	Hawaii
Arkansas	Missouri	Wisconsin
Louisiana	Kentucky	Rhode Island
California-FTB	Tennessee	Idaho
New York State	Illinois	Alabama
Minnesota	Pennsylvania	Kansas
Ohio	Michigan	North Carolina
Indiana	Nebraska	South Carolina
Maryland	Georgia	

New York City

IRS

Ernest and Young	Intuit	TaxSlayer
CCH – Prosystem FX	Thompson	Petz
PWC	RSI	Taxworks
HNR	DRAKE	Jackson-Hewitt
KPMG	Liberty Tax	
Bank of America	PETZ	

Duplicate Submissions

Several states raised concerns about receiving duplicate state transmissions with different submission ID within a few minutes of one another from the IRS.

Scott Mueller from Wisconsin explained that each transmission would have a different submission ID since the transmitter issues as different ID number at the time of each transmission, therefore, what appears to be a duplicate transmission really cannot occur.

Xan, from IRS, further explained that a second return transmission with an identical entity, tax period, and form type would be rejected on linked returns, otherwise the IRS sends to the state for state handling on unlinked returns.

Wisconsin worked with the transmitter to resolve since the system shouldn't send the same submission twice. Wisconsin has set aside duplicate "unlinked" transmission for special handling.

Rance Dower, Oregon, noted that it is possible to receive duplicate submissions when a state is using multiple gateways. In order to resolve this issue, IRS will investigate the possibility of a "lockout" solution for this condition. Xan suggested when using multiple gateways, that states do not run "get new submission" for the same submission category until fix is in.

States also indicated that they are experiencing slow performance from the IRS. Xan suggest that reducing "get new submissions" request to below 100 at least for the remainder of this year. Further will help improve performance; in the meantime, the IRS is well aware of the problem and working on a fix for next year according to Xan.

State Manifest Issues

Currently there is a discrepancy between the format of StateSchemaVersion in the State Manifest and the state schema set. States have raised the need for consistency in the two manifests. In particular, the state schema max length is 50 while the IRS state manifest is less, making it unusable for the TIGERS standard format of StateSchemaVersion. States would like to see the schema version in the manifest, in order to assign the correct schema to the return. IRS will plan the change for next year; but for now the inconsistency does not present a problem for the IRS to get states submissions.

Best Practice: Use of StateSchemaVersion

Greg Martinez, TIGERS Co-Chairperson, noted that states are making changes to the schema without changing the version number as suggested in the TIGERS Best Practices. Terry reminded us that minor changes are backward compatible, while any schema set that is not backwards compatible is considered a major change. It was stated that states may use an enumerated lists to indicate which versions are supported.

IRS SubmissionManifest vs StateSubmissionManifest Name Control

Terry Hunt, Kansas, indicated that inconsistencies in these two elements have caused the invalid SSN/Name Control flag to be set for state returns , even though the federal return was accepted. State have to turn off the check so as not to reject the returns. As a short-term remedy, Kansas turned-off the NameControl restriction. Xan will take this as an action item to look at what the difference could be between the two elements. [editor's note: following the webinar, it was discovered that the IRS utilized the BusinessNameControlType for individual returns in the SubmissionManifest and the PersonNameControlType in the StateSubmissionManifest. These two types utilize different patterns.]

Temp IDs in State Manifest

New York State requests a new element for a temporary ID number in the StateSubmissionManifest for return submissions, as an alternative to FEIN. The element needs to accommodate alpha-numeric 9 character number assigned by NYS.

After a short discussion, it was noted that several states have a similar situation. However, most states don't feel that having a choice between the FEIN and a tempID element would cause much of a problem. States not supporting tempID could build a business rule to restrict the element. There was general agreement to move forward for business taxes but further discussion is needed to incorporate it into the schema for individual income.

A voice vote was taken to request the addition of a 9 character element as a choice between EIN and a temporary ID number to the IRS StateSubmissionManifest. The result of the vote was overwhelmingly approved with only one representative absenting from the vote. Therefore, Xan Ostro of IRS agreed to put the change forward for next year. Xan noted, however, that this was for unlinked returns only, as IRS could not process or accept a return with a tempID..

Updated efileTypes for Canadian Province Codes

Indiana requested that TIGERS update the TIGERS copy of the IRS EfileTypes schema to current version, since they now include Canadian Provinces. A voice vote was taken to make the appropriate change to the TIGERS schema for the next filing season. The vote resulted in no objections from the representatives; therefore, the change was adopted and will be included in the upcoming TIGERS schema release.

County Codes IRS vs TIGERS vs ISO

A request was made to have the IRS to change to ISO codes rather than Country Codes. Xan indicated that the IRS is reluctant to move to ISO codes, but he will investigate if the change is possible for the next tax year schema release at the IRS and will report back to TIGERS shortly with the outcome of the investigation.

EmailAddressType Restrictions on Characters

Kansas remarked that they are receiving invalid data because the EmailAddressType is a wide open 75 character string and will allow invalid characters within submissions. Kansas, suggests a change be made in the IRS schema to adopt the TIGERS FSET structure for the EmailAddressType. Xan warned the group that if restrictions are tightened, returns will be rejected if the email address is invalid, which is not a mandatory element. IRS is looking at a similar restriction, but with caution. This topic is pending adoption on both IRS and state parts, due to concerns that otherwise valid returns could be rejected due to bad email addresses..

Schema relative paths

Greg Martinez discussed the addition of a new standard to the TIGERS Standards document for the schema relative paths. He suggested the following changes to the TIGERS standards:

The standard should read like the following:

Forward slashes '/' shall be used instead of backslashes '\' in relative path references of include statements in the schema. Not all parsers can read the backslashes and developers may have to manually edit the schema to work within their systems in this situation.

Examples:

Correct: <xsd:include schemaLocation="../Common/BinaryAttachment.xsd"/>

Incorrect: <xsd:include schemaLocation="..\Common\BinaryAttachment.xsd"/>

The group agreed to add this to the TIGERS schema review process.

Electronic Postmark Clarification

Preliminary discussion began on the IRS' plan to change the ElectronicPostmark to an optional element rather than a mandatory element. Xan explained that the IRS is planning to make the change in the upcoming schema release. This IRS announcement caused a mix of responses from the state representatives because the date is used by the states to determine the timeliness of the return. Xan indicated that the IRS does provide a received date to the states that could be used in lieu of the ElectronicPostmark to determine timeliness. He further noted that the ElectronicPostmark can be arbitrary since either the preparer or the transmitter supplies this date, while the received date is determined by the IRS.

Due to time limitation, it was not possible to complete the discussion on the Electronic Postmark or the remainder of agenda items during the April 6, 2010 webinar. As a result, a follow up meeting was scheduled for April 20, 2010. The following agenda items are outstanding:

- Electronic Postmark Clarification
- Four FinancialTransaction issues:
 - Revise formatting of TaxTypeCode in Addenda
 - Require minimum \$1 for ACH transactions
 - Make RequestedPaymentDate mandatory
 - IAT Data
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