

IAT Development Follow-up Webinar September 3, 2009

The purpose of today's meeting is to reach an agreement for the structure and schema for IAT indicator and elements.

Roll Call was taken and the following states and industry were on the call:

Alabama, Arkansas, Pennsylvania, Nebraska, Idaho, North Carolina, Iowa, Mississippi, Kansas, Oklahoma, Ohio, Oregon, North Dakota, Missouri, Utah, Connecticut, West Virginia, Wisconsin, New Mexico, Maryland, Illinois, Indiana, and Kentucky

New York City

Intuit, ADP, Paychex, PrimePay, CorpTax and FileYourTaxes.com

Terry Garber turned the meeting over to Faye Shea to review the use case scenarios that were developed in order to assess the state needs and build the appropriate schemas necessary to handle other than domestic financial transactions.

Illinois stated that an additional scenario is needed in which multiple payments can be transmitted with a return such as a domestic payment for the return while an estimated payment could be drawn from a foreign financial institution.

To review the use case scenarios, log on to www.statemef.com.

Terry reviewed the previously presented schemas to discuss the structures and elements and workability of the scenarios.

Scott Mueller clarified the use of Originator within the schema. For example, the state is the Originator of a refund direct deposit, and of a debit payment, while the taxpayer is the originator of a credit payment. There was some discussion as to whether the credit scenario should be included, since the data for a credit is informational only and not actionable. If it is omitted, the Originator data could also be omitted, as it would always refer to the state and would not need to be transmitted by the taxpayer. The information for an IAT credit, just as in the current ACHCreditInfo, would be for the purposes of matching the return to an ACH credit received.

Industry asked for clarification for a transmitter. It was noted that the taxpayer is still the originator and industry is only a transmitter and not a participant in the financial transaction, unless they make payment(s) for the taxpayer. Industry partners will have the responsibility of asking their client whether or not the final disposition of refund and payments is an IAT situation, using the due diligence questions developed by TIGERS.

During the review of Penny's schema many options were discussed in order to identify the IAT transaction. Many states want to know up front whether or not the transaction is an IAT so that the state can "weed out" IAT for special handling. One solution to accommodate the states is to add another element which is "Is an IAT transaction" to the

choice gate in Penny's schema. It would also allow states to "drop off" the IAT data when the state will not accept electronic IAT transactions, and still have positive affirmation that this is an IAT situation.

The extension (Penny's) with the now three choices would be added to each type of transactions within the Financial Transaction schema.

During the discussion of the Originator/Receiver a question was raised to all states as to whether or not they would actually need the name, address, and identifier of the foreign bank or the currency data, because most, if not all, states currently do not use the PBR or CBR transaction within the current ACH process for true cross border transactions. Terry referred to Priscilla Holland's from NACHA Q&A which states if the state has the foreign RTN it should be included. The intermediary banking institution would be responsible for adding the cross border financial information in the case that the state did not have it. Conversely, if the state's bank requires the information, the elements are needed.

A vote was taken on the Penny's structure which takes and extends the current FT schema, with the addition of the third choice element stating that this is an IAT transaction. The following states and industry agreed to the structure:

Alabama, Arkansas, Pennsylvania, Nebraska, Idaho, North Carolina, Iowa, Mississippi, Kansas, Oklahoma, Ohio, Oregon, , Missouri, Utah, Connecticut, West Virginia, Wisconsin, New Mexico, Maryland, Illinois, Indiana, and Kentucky

New York City

Intuit, ADP, Paychex, CorpTax and FileYourTaxes.com

CorpTax, PrimePay, North Dakota, and Kentucky dropped off the call prior to the vote.

Scott provided from Wisconsin's bank that an IAT transaction costs of 166% higher than a non IAT transaction.

Action Items:

1. Post the approved structure on www.statemef.com
2. Contact Priscilla of NACHA to clarify Domestic/Foreign IAT
3. Determine from Priscilla the requirements of IAT data
4. Post findings from NACHA

Schedule follow-up meeting to finalize the actual IAT data elements for the schema based on findings.

