

Welcome to the...



Press Kit

**Within this interactive PDF you
will find all the information
about the Electronic IRS.**

*Just click the tabs at the top of each page or simply
scroll to the next page for more. To begin, [Click Here](#).*

About the Electronic IRS — Portal to Everything Electronic

In 2005, the award-winning IRS web site (www.irs.gov) was updated to make it more user-friendly and accessible to tax professionals, taxpayers, and other IRS customers. IRS worked with a variety of user groups to improve the site's usability. Improvements include a robust search engine and new features on the home page to help visitors more easily navigate the site to find information, services, and products they are seeking.

Now, IRS is introducing the Electronic IRS, a link on the home page that takes visitors directly to an overview of all the electronic services available from the IRS listed according to who might use the services. The concept of the Electronic IRS is to provide a central source for all the online transactions that can be accomplished electronically with the IRS.

Visitors can find the electronic services conveniently summarized in any of the following categories:

- Individual taxpayer
- Business taxpayer – Small and Large
- Tax Professional
- Software Company
- Tax Exempt organization

The overview page contains the links within the IRS site to quickly direct people to the appropriate place.

The concept of the Electronic IRS shows visitors the many transactions they can conduct electronically with the IRS. Beyond filing electronically (*e-file*), the Electronic IRS is a gateway to the many IRS electronic options...

FOR INDIVIDUAL TAXPAYERS...

- Check on your refund with "Where's My Refund?"
- Find an Authorized *e-file* Provider
- Obtain Copies of Tax Returns
- Complete EITC eligibility
- Calculate the appropriate withholding
- Obtain or complete online Forms and Publications
- Sign up for paying electronically

FOR LARGE BUSINESS TAXPAYERS...

- Learn if you are required to file electronically
- Find an Authorized *e-file* Provider
- Sign up for paying electronically
- File W-2s electronically

FOR SMALL BUSINESS TAXPAYERS...

- Obtain an Employer Identification Number (EIN) online
- Sign up for paying electronically
- Find an Authorized *e-file* Provider
- File W-2s electronically

FOR TAX PROFESSIONALS...

- Register to use e-services
- Apply to become an Authorized *e-file* Provider
- Submit information returns through the FIRE program
- Review current and past IRS documents in the Electronic Reading Room
- Access phone representatives through e-Help Services
- Subscribe to a variety of electronic alerts and newsletters
- Check on client refunds
- Participate in monthly Tax Talk webcasts

FOR SOFTWARE COMPANIES...

- Obtain specifications for integrating electronic services
- Register to receive electronic alerts
- Review requirements for electronic filing and paying software
- Download schema, guidelines, sample files, test cases for electronic filing

FOR TAX EXEMPT ORGANIZATIONS...

- Learn if you are required to file electronically
- Find an Authorized *e-file* Provider
- Download forms and publications
- Subscribe to an email newsletter
- Check whether an organization is eligible to receive deductible charitable contributions
- File W-2s electronically

The IRS has its priorities set on increasing the number of electronic options for all its customers. The goal is to provide easier access to the IRS and give people the ability to do more transactions online. Through its modernization efforts and new online product development, IRS is on its way to providing an all-electronic IRS that taxpayers and tax professionals will find very valuable.

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About Filing Electronically



The Restructuring and Reform Act of 1998 stated that the Internal Revenue Service (IRS) should set goals to have a minimum of 80% of all federal tax and information returns filed electronically by 2007. The benefits of electronically filing tax returns are numerous; taxpayers receive their refunds more quickly, the probability of errors is reduced, and government costs are reduced.

The option of electronically filing individual income tax returns instead of paper returns, i.e., *e-file*, began in 1986. In 1986, 25,000 individual returns were transmitted to the IRS via a modem connection.

After almost two decades of incorporating technological advancements into electronic filing programs, the IRS received over 68.5 million electronically filed individual income tax returns in 2005, or 52% of all tax returns received. These returns were filed through commercial software, on-line or through tax professionals. Total individual electronically filed returns have reflected solid growth in recent years, with an annual average growth rate of over 16% in the past five years.

Taxpayers can *e-file* through a tax professional, or use a software program and Internet connection on their personal computer, or use Free File. There are many advantages to e-filing. E-filing is the fastest way to get a tax return to IRS for processing because it's transmitted electronically. If a taxpayer is due a refund, they can receive their refund in half the time it would take if they file a paper return, even faster if they elect *Direct Deposit* and have their refund deposited directly into a bank account. In addition, e-filing gives taxpayers and tax professionals the reassurance that their information was safely received by the IRS.

Today, almost all forms associated with a tax or information return for businesses, individuals and tax-exempt organizations can be filed and paid electronically, thereby eliminating the need to send paper to the IRS. In addition, the IRS offers a Federal/State program that allows individuals to electronically file both their state and federal return at the same time.

About Paying Electronically

If taxpayers owe the IRS, they have three options for making their payment electronically:

- 1) They can *e-file* any time during the tax season and delay payment through automated bank account withdrawal (EFW) until tax due date.
- 2) Taxpayers can pay by credit card.



Taxpayers can enroll in the Department of Treasury's Electronic Federal Tax Payment System (EFTPS) (www.eftps.gov) to make any subsequent 1040ES estimated quarterly tax payments. Any business taxpayer can also enroll in EFTPS to make their Federal Tax Deposits or other business tax payments electronically. EFTPS allows taxpayers to pay by Internet or phone. In addition, EFTPS offers tax professionals a free software program called EFTPS Batch Provider Software to make multiple client tax payments from their own computer.

FACT... The IRS processed more than 133 million tax returns in 2005.

FACT... In 2005, for the first time, a majority (52%) of individual taxpayers (68.5 million) filed their tax returns electronically.

FACT... More than 8 million business returns were filed electronically in 2005.

FACT... More than 75 million individual and business returns were prepared by tax professionals using a computer in 2005.

FACT... 120,000 tax professionals use IRS' e-Services, a web-based suite of services to help prepare, research and submit tax returns electronically.

FACT... More than 1 million taxpayers enrolled in the IRS' Electronic Federal Tax Payment System (EFTPS) in fiscal year 2005.

FACT... IRS received 1.4 million credit card payments in 2005.

FACT... 1.2 million tax payments were made via electronic funds withdrawal in 2005.

The Electronic IRS for Taxpayers: File, Pay... and More.

In 2005, the award-winning IRS web site (www.irs.gov) was updated to make it more user-friendly and accessible to tax professionals, taxpayers, and other IRS customers. IRS worked with a variety of user groups to improve the site's usability. Improvements include a robust search engine and new features on the home page to help visitors more easily navigate the site to find information, services, and products they are seeking.

Now, IRS is introducing the Electronic IRS, a link on the home page that takes visitors directly to an overview of all the electronic services available from the IRS listed according to who might use the services. The concept of the Electronic IRS is to provide a central source for all the many online transactions that can be accomplished electronically with the IRS.

Beyond filing electronically (*e-file*), the Electronic IRS is a gateway to all the IRS electronic options available for taxpayers. On the irs.gov web site taxpayers can...

- Check on their refund with "Where's My Refund?"
- Find an Authorized *e-file* Provider
- Obtain Copies of Tax Returns
- Calculate the appropriate withholding
- Obtain or complete online Forms and Publications
- Sign up for paying electronically
- Obtain an Employer Identification Number (EIN) online
- And more.

In 2005, more taxpayers than ever used electronic means to conduct business with the IRS. For example:

- For the first time, a majority (52%) of individual taxpayers (68.5 million) filed their tax returns electronically.

- More than 8 million business returns were filed electronically.
- More than 1 million taxpayers enrolled in the IRS' Electronic Federal Tax Payment System (EFTPS) in 2005, bringing the total number of taxpayers enrolled to pay their federal taxes online or by phone to 6+ million.
- 1.4 million payments were made by credit card.
- 1.2 million tax payments were made via electronic funds withdrawal.

e-file: The Most Popular IRS Electronic Service

IRS *e-file* has quickly become the most used option for filing individual and business tax returns. Why? Because *e-file* offers many benefits to users:

- *e-file* is more accurate.
- *e-file* is secure.
- *e-file* offers users the option of Direct Deposit so they can get their refund in half the time.
- *e-file* offers the convenience of filing their tax return early and delaying payment up until the due date.
- In most states, taxpayers can also file federal and state returns at the same time.

How does *e-file* work?

Computer Prepared Returns

Taxpayers prepare their tax return on a personal computer using a commercial software package, Free File, or an online service and transmit the information via modem to an electronic return transmitter.

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The electronic return transmitter converts the file to a format that meets IRS specifications, and transmits it to the IRS. IRS checks the return and notifies the transmitter (who then informs the taxpayer) whether the return has been accepted or rejected. If the taxpayer chooses not to use a Self-Select PIN as their signature, or they have certain paper forms to submit, they will need to mail in a paper signature document. The acknowledgment message received from the return transmitter will include the mailing address. If the return is not accepted, the transmitter will provide the taxpayer with customer support to correct the return and resubmit it.

Tax Preparer Returns

The majority of taxpayers use a tax preparer to submit their returns. Tax professionals who are accepted into the electronic filing program are called "Authorized IRS e-file Providers." They transmit the tax return information to the IRS.

Taxpayers sign their electronic tax return by using a self-selected PIN or by signing IRS Form 8453. The tax preparer transmits the return to the IRS or to a third-party transmitter who then forwards the entire electronic record to the IRS for processing. Once received by the IRS, the return is automatically checked by computers for errors and missing information. If it cannot be processed, it is sent back to the transmitter to clarify any necessary information. After correction, the transmitter re-sends the return. Within 48 hours, the IRS sends an acknowledgment to the transmitter stating the return is accepted for processing. This is proof of filing and assurance that the IRS has the taxpayers return information.

If the taxpayer is due a refund, they can expect to receive it approximately three weeks from the acknowledgment date - even faster with Direct Deposit (half the time as when filed on paper).

If the taxpayer owes money, the tax professional can file the return electronically any time during the filing season; however, sending the payment for a balance due by the tax due date is still the taxpayer's responsibility. Taxpayers may pay the balance due to the IRS by direct debit (automatic withdrawal) directly from their bank, by credit card or by check. Taxpayers who make subsequent quarterly estimated tax payments may also enroll in the Electronic Federal Tax Payment System (EFTPS) to make those payments online or by phone in the future.

IRS e-file returns are virtually error-proof with an error rate of less than 1%. IRS e-file greatly reduces the possibility that taxpayers will receive an error letter from the IRS.

Whether looking for a tax preparer, completing a form, enrolling in a service, or checking on a refund, taxpayers can do more through the Electronic IRS. The IRS has its priorities set on increasing the number of electronic options for all its customers. The goal is to provide easier access and give taxpayers the ability to do more transactions online. Through its modernization efforts and new online product development, the IRS is on its way to providing an all-electronic IRS that taxpayers will find very valuable.

The Electronic IRS for Tax Professionals: File, Pay... and More.

Through enhancements to its products and web site, the IRS is making it easier than ever for tax professionals to take care of clients' taxes electronically. Almost all IRS forms can now be filed and paid electronically for both individuals and businesses. But there's more to the Electronic IRS than just filing.

The number of electronic options available to tax professionals is increasing every year, helping to reduce taxpayer and tax professional burden and improve the timeliness and accuracy of tax returns.

Filing Electronically

In 2005, more than 68 million taxpayers filed their tax returns electronically. The IRS received approximately 133 million tax returns, and of that, 52% were filed electronically, making *e-file* the most popular way to file a federal tax return.

Taxpayers can *e-file* through a tax professional, or use a software program and Internet connection on their personal computer, or use Free File. There are many advantages to e-filing. E-filing is the fastest way to get a tax return to IRS for processing because it's transmitted electronically. It's as fast as clicking a mouse, transmitting a tax return virtually in seconds. If a taxpayer is due a refund, they will receive their refund in half the time it would take if they file a paper return, even faster with Direct Deposit.

Paying Electronically

If clients owe the IRS, they can *e-file* any time during the tax season and delay payment through automated bank account withdrawal (EFW) until tax due date. Taxpayers can also pay by credit card, or enroll in the Department of Treasury's Electronic Federal Tax Payment System (EFTPS) (www.eftps.gov) to make any subsequent 1040ES estimated

quarterly tax payments. Any business taxpayer can also enroll in EFTPS to make their Federal Tax Deposits or other business tax payments electronically. EFTPS allows taxpayers to pay by Internet or phone. In addition, EFTPS offers tax professionals a free software program called EFTPS Batch Provider Software to make multiple client tax payments from their own computer.

For Tax Professionals

For tax professionals, the IRS provides a full suite of Web-based products called e-services available at www.irs.gov. The development and implementation of e-services has been in progress for several years, and improvements will continue to expand the services over the next year.

These basic services are designed to help tax professionals handle the major components of tax preparation and filing while improving the speed with which the IRS responds:

Registration: Any tax professional or payer who wishes to use the e-services products must first register. Once the tax professional has registered, they will receive a confirmation code via mail within 10–14 days to their home address. Next, they will login to e-services, confirm the registration, and begin using the services.

e-file Application: The online *e-file* Application replaces the paper process for submitting Form 8633, Application to Participate in the IRS *e-file* Program. Applications can be maintained and updated electronically and a new delegation of authority feature allows principals or responsible officials of the firm/organization to delegate e-services products to their employees.

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Preparer Tax Identification Number (PTIN): A tax professional may choose to use a PTIN instead of displaying his or her own SSN on returns they prepare for clients. The PTIN Application allows a preparer to apply for and receive a PTIN online, or they also have the option of looking up a forgotten PTIN. The preparer can request a PTIN card be sent to them. This process previously took weeks to complete, but can now be completed in seconds.

Taxpayer Identification Number Matching (TIN Matching): TIN Matching is limited to payers who file any of the following 6 information returns subject to back up withholding: 1099-B, INT (interest), DIV (dividend), PATR (patronage), OID (original issue discount), MISC (miscellaneous). In order to participate in TIN Matching, payers must be listed in the IRS Payer Account File (PAF) database.

Beyond these basic e-services, tax professionals who are active participants in the IRS *e-file* program and *e-file* more than 5 individual or business income tax returns in a season are eligible to use the following incentive programs:

Disclosure Authorization (DA): Allows third parties to submit Forms 2848, Power of Attorney (POA), and Form 8821, Tax Information Authorization, online. Tax professionals will receive immediate verification that the POA has posted to the IRS Centralized Authorization File and can begin using other incentive products. However, tax professionals must have a signed POA in their business files prior to submitting the form electronically. Tax professionals can view all previous authorizations on file, and update the information online.

Transcript Delivery System (TDS): TDS enables the authorized practitioner to request tax transcripts and account information on their client's accounts.

Electronic Accounts Resolution (EAR): EAR enables the authorized third party to submit an account-related inquiry electronically to the IRS, 24 hours a day, 7 days a week. The biggest advantage to using EAR is that the inquiry will remain with the same IRS Customer Service Representative from beginning to end.

The benefit to tax professionals who use e-services is the tremendous increase in customer satisfaction with IRS problem resolution. The tax professional has access to information in seconds, rather than days or weeks, and clients' issues can be resolved much more quickly.

And More...

And there's more. Through the Electronic IRS tax professionals can...

- Obtain an EIN via the Internet EIN program
- Submit information returns through the FIRE program
- Review current and past IRS documents in the Electronic Reading Room
- Access phone representatives through e-Help Services
- Subscribe to a variety of electronic alerts and newsletters
- Check on client refunds

The IRS has its priorities set on increasing the number of electronic options for its customers. The goal is to provide easier access to the IRS and give tax professionals the ability to do more transactions online. Through its modernization efforts and new online product development, the IRS is on its way to providing an all-electronic IRS that tax professionals will find very valuable.

Tax professionals can register for e-services at www.irs.gov/efile, click on the Tax Professionals page, and then e-services.

*Take The Next Step:
Send Your Computer Prepared Returns Electronically*

You've invested time, training and money in software to prepare your clients' tax returns on the computer. Now it's time to take the next step and send those returns electronically to the IRS.

IRS *e-file* is the most accurate, secure way to file returns today. In fact, the majority of returns (52%) in 2005 were received electronically. That means more than 68 million returns came to the IRS electronically.

Why?

Because more and more tax professionals (and taxpayers) are seeing the significant benefits of using IRS electronic services. By becoming an Authorized *e-file* Provider and transmitting tax returns directly to the IRS or through a third party transmitter, tax professionals gain considerable client satisfaction and reduce IRS problems in the long run. In addition, taxpayers receive their refund faster (especially if they choose Direct Deposit) and fewer errors are encountered in processing their returns.

Beyond Filing

Through enhancements to its products and web site, the IRS is making it easier than ever for tax professionals to *e-file* and take care of clients' taxes electronically. Almost all IRS forms can now be filed and paid electronically for individuals, businesses and tax-exempt organizations. But there's more to the Electronic IRS than just filing.

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Tax professionals can register for e-services at www.irs.gov/efile, click on the Tax Professionals page, and then e-services.

Take the next step...register for e-services if you haven't already done so, and send your clients' tax returns electronically this year.

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Questions and Answers... About the Electronic IRS

Q: *What is the Electronic IRS?*

A: The Electronic IRS is the centralized source for finding all the electronic options available on www.irs.gov. From the Home Page of the IRS web site, when you click on the Electronic IRS logo you will be taken to a page that contains an overview of all the electronic tasks you can accomplish online.

Q: *What kinds of things can I do online as a taxpayer?*

A: Beyond filing electronically, the IRS offers taxpayers substantially more through the Internet. For example:

- Check on your refund with "Where's My Refund?"
- Find an Authorized *e-file* Provider
- Obtain Copies of Tax Returns
- Calculate the appropriate withholding
- Complete EITC eligibility
- Obtain or complete online Forms and Publications
- Sign up for paying electronically
- Obtain an Employer Identification Number (EIN) online
- And more.

Q: *What kinds of things can I do online as a tax professional?*

A: Through the Electronic IRS, tax professionals can complete a variety of tax functions:

- Register for *e-services* to access the many online IRS tools
- Apply online to become an Authorized *e-file* Provider
- Obtain a Preparer Tax Identification Number (PTIN)
- Match Taxpayer Identification Numbers with the IRS database
- Submit Disclosure Authorization forms electronically
- Obtain tax transcripts electronically
- Submit electronic inquiries regarding taxpayer problems
- And more.

Questions and Answers... About IRS *e-file*

Q: *What is e-file?*

A: IRS *e-file* is the program that allows taxpayers and tax preparers to send federal and most state tax returns electronically through software programs or online. Software programs are available in stores, through online companies, and with most tax preparers. Tax return information is entered into the computer program, checked for completeness, and then transmitted electronically to the IRS via modem, broadband and Internet connection.

Q: *Is there a charge for e-file?*

A: The IRS does not charge a fee to file electronically. However, many software providers, and tax preparers, do charge a fee for processing returns electronically.

Q: *What are the benefits of using e-file?*

A: IRS *e-file* has quickly become the most used option for filing individual and business tax returns because it offers taxpayers so many more benefits than filing with a paper return:

- *e-file* is more accurate.
- *e-file* is secure.
- *e-file* offers taxpayers the option of Direct Deposit so they can get their refund in half the time.
- *e-file* offers the convenience of filing their tax return early and delaying payment up until the due date.
- *e-file* allows taxpayers to file federal and state returns at the same time for most states.

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Q: *I prepare my taxes using tax preparation software. Then I print the forms and mail them to the IRS. Do I get the same benefits as someone who submits their return electronically?*

A: No. Forms that are electronically prepared but then printed and mailed are treated the same as forms prepared by hand. The IRS must re-key your information, which may increase the chance for transcription errors. Also, it takes longer for the IRS to contact paper filers about errors than it does to contact e-filers electronically.

Q: *If I e-file do I need to submit Forms W-2, W-2G, W-2GU and Form 1099-R to the IRS?*

A: No, the requirement to attach Forms W-2, W-2G, W-2GU, and Forms 1099-R has been eliminated with an e-filed return. However, taxpayers should keep copies of these attachments with a copy of their tax return for their records.

Q: *Why are forms more accurate when they are e-filed?*

A: There are several reasons:

- Electronically submitted forms are automatically checked by the IRS. If there is an error, the IRS will send back the form and allow the taxpayer or tax preparer to make the changes and resubmit the form.
- Data can be saved from year to year, dramatically reducing the chance of transcription errors.
- Data goes into the IRS system *exactly* as it was submitted. No re-keying of information is necessary.
- Most tax software detects math errors and other common mistakes before the return is filed.

Q: *Is there a greater chance that e-filers will be audited?*

A: No. There is no greater chance of being audited if taxpayers *e-file*.

Q: *Why do refunds come more quickly with IRS e-file?*

A: Because data goes directly into the system, it speeds up the processing time for each tax return. And if taxpayers elect to have their refund deposited directly into their bank account, the time it takes to receive a refund is dramatically decreased from weeks to days.

Q: *How can I pay electronically if I owe?*

A: If there is a balance due on the tax return, taxpayers can still file electronically through *e-file*, and then schedule a payment for the tax due date via automated withdrawal from a checking account, or pay by credit card, or enroll in the Treasury's free Electronic Federal Tax Payment System (EFTPS) to make the balance due payment and any subsequent estimated tax payments electronically (by phone or online).

Q: *Which tax preparers can e-file taxes on behalf of clients?*

A: Tens of thousands of tax preparers nationwide are "Authorized *e-file* Providers." Check with your tax preparer or visit the Electronic IRS at www.irs.gov to find one in your area.