

# Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns

Volume 2 of 2



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Department of the Treasury  
**Internal Revenue Service**

Publication 1345 (Rev. 10-2021) Catalog Number 39371M  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](https://www.irs.gov)



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## **Submission of Paper Documents to the IRS**

IRS *e-file* returns must contain all the same information as returns filed completely on paper. Forms that have an electronic format must be submitted in the electronic format unless IRS identifies an exception during the tax year. If a form/document can't be submitted electronically, IRS can accept forms/documents in PDF format. Check the software package to see if this option is offered. EROs are responsible for ensuring that they submit to the IRS all paper documents required to complete the filing of returns. If the documents aren't submitted electronically, they may be mailed to IRS. Attach all appropriate supporting documents that the IRS requires to the **Form 8453, U.S. Individual income Tax Transmittal for an IRS e-file Return**, and send them to the IRS. Refer to page 2 of Form 8453 for the

current mailing address. Below is a list of these supporting documents:

- **Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes** (or equivalent contemporaneous written *acknowledgment*);
- **Form 2848, Power of Attorney and Declaration of Representative** (only for an electronic return signed by an agent);
- **Form 3115, Application for Change in Accounting Method**;
- **Form 3468, Investment Credit** - attach a copy of the first page of NPS Form 10-168a, Historic Preservation Certification Application (Part 2 - Description of Rehabilitation), with an indication that it was received by the Department of the Interior or the State Historic Preservation Officer, together

with proof that the building is a certified historic structure (or that such status has been requested);

- **Form 4136, Credit for Federal Tax Paid on Fuels** - attach the Certificate for Biodiesel and, if applicable, Statement of Biodiesel Reseller or a certificate from the provider identifying the product as renewable diesel and, if applicable, a statement from the reseller;
- **Form 5713, International Boycott Report;**
- **Form 8283, Noncash Charitable Contributions**, Section A, (if any statement or qualified appraisal is required) or Section B, Donated Property, and any related attachments (including any qualified appraisal or partnership Form 8283);

- **Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent** (or certain pages from a post-1984 decree or agreement, see instructions);
- **Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs);**
- **Form 8864, Biodiesel and Renewable Diesel Fuels Credit** - attach the Certificate for Biodiesel and, if applicable, Statement of Biodiesel Reseller or a certificate from the provider identifying the product as renewable diesel and, if applicable, a statement from the reseller;
- **Form 8885, Health Coverage Tax Credit**, and all required attachments; and

- **Form 8949, Sales and Other Dispositions of Capital Assets**, (or a statement with the same information) if you elect not to report your transactions electronically on Form 8949.

State income tax returns in the Federal/State Program often require that paper documents be prepared and forwarded to state tax administration agencies. Be sure to follow each state's rules when state income tax returns are prepared.

## **ERO Duties After Submitting the Return to the IRS**

### **Record Keeping and Documentation Requirements**

EROs must retain the following material until the end of the calendar year at the business address from which it originated the return or at a location that allows the ERO to readily

access the material as it must be available at the time of IRS request. An ERO may retain the required records at the business address of the Responsible Official or at a location that allows the Responsible Official to readily access the material during any period the office is closed.

- A copy of **Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return**, and supporting documents that are not included in the electronic records submitted to the IRS;
- Copies of Forms **W-2, W-2G** and **1099-R**;
- A copy of signed IRS *e-file* consent to disclosure forms;
- A complete copy of the electronic portion of the return that can be readily and accurately converted into



an electronic transmission that the IRS can process; and

- The acknowledgment file for IRS accepted returns.

Forms **8879** and **8878** must be available to the IRS in the same manner described above for three years from the due date of the return or the IRS received date, whichever is later. The Submission ID must be associated with Form 8879 and 8878:

- The Submission ID can be added to the Form 8879 and 8878 or
- the acknowledgment containing the Submission ID can be associated with Forms 8879 and 8878.
- If the acknowledgment is used to identify the Submission ID, the acknowledgment must be kept following published retention requirements for Forms 8879 and 8878.

EROs may electronically image and store all paper records they must retain for IRS *e-file*. This includes Forms **8453** and paper copies of Forms **W-2**, **W-2G** and **1099-R** as well as any supporting documents not included in the electronic record and Forms **8879** and **8878**. The storage system must satisfy the requirements of **Revenue Procedure 97-22**, 1997-1 C.C. 652, Retention of Books and Records. In brief, the electronic storage system must ensure an accurate and complete transfer of the hard copy to the electronic storage media. The ERO must be able to reproduce all records with a high degree of legibility and readability (including the taxpayers' signatures) when displayed on a video terminal and when reproduced in hard copy.

## **Providing Information to the Taxpayer**

The ERO must provide a complete copy of the return to the taxpayer. EROs may provide this

copy in any media, including electronic, that is acceptable to both the taxpayer and the ERO. A complete copy of a taxpayer's return includes **Form 8453** and other documents that the ERO can't electronically transmit, when applicable, as well as the electronic portion of the return. The electronic portion of the return can be contained on a replica of an official form or on an unofficial form.

However, on an unofficial form, the ERO must reference data entries to the line numbers or descriptions on an official form. If the taxpayer provided a completed paper return for electronic filing and the information on the electronic portion of the return is identical to the information provided by the taxpayer, the ERO doesn't have to provide a printout of the electronic portion of the return to the taxpayer. The ERO should recommend that the taxpayer retain a complete copy of the return and any supporting material. The ERO should also advise taxpayers that, if needed, they must file an amended return as a paper

return and mail it to the submission processing center that would handle the taxpayer's paper return. For tax years 2019 and forward, the ERO should also advise taxpayers that, if needed, an amended return can also be e-filed. Refer to the current year's tax instructions for addresses.

## **Acknowledgments of Transmitted Return Data**

The IRS electronically acknowledges the receipt of all transmissions. Returns in each transmission are either accepted or rejected for specific reasons. Accepted returns meet the processing criteria and IRS considers them "filed" as soon as the return is signed electronically or through the receipt by the IRS of a paper signature. Rejected returns don't meet processing criteria and the IRS considers them not filed. The acknowledgment identifies the source of the problem using a system of business rules and element names (tag names). The business

rules tell why the return rejected and the element names tell which fields of the electronic return data are involved.

Information regarding business rules and correcting common errors is available on **IRS.gov**.

The acknowledgment record of an accepted individual income tax return has other information that is useful to the originator. The record confirms if the IRS accepted a PIN, if an elected EFW paid a balance due, and if a private/non-routable IP address is present in the return. The ERO should check acknowledgment records regularly to find returns requiring follow up action and should take reasonable steps to address issues identified on acknowledgment records.

At the request of the taxpayer, the ERO must provide the Submission ID and the date the IRS accepted the electronic individual income tax return data. The ERO may use **Form 9325, Acknowledgment and General**

**Information for Taxpayers Who File Returns Electronically** for this purpose. If requested, the ERO must also supply the electronic postmark if the Transmitter provided one for the return.

Rejected electronic individual income tax return data can be corrected and retransmitted without new signatures or authorizations if changes don't differ from the amount on the original electronic return by more than \$50 to "Total income" or "AGI," or more than \$14 to "Total tax," "Federal income tax withheld," "Refund" or "Amount you owe." The ERO must give taxpayers copies of the new electronic return data.

If the State submission is linked to an IRS submission (also referred to as a Fed/State return), the IRS will check to see if there is an accepted IRS submission under that Submission Id. If there isn't an accepted federal return for that tax type, the IRS will deny the State submission and an

acknowledgment will be sent to the transmitter. The state has no knowledge that the state return was denied (rejected) by the IRS. Subsequent rejection of state electronic return data by a state tax administration agency does not affect federal electronic return data accepted by the IRS. States determine when they accept as filed state electronic return data received from the Federal/State e-file Program. Contact the state tax administration agency when problems or questions arise.

## **Resubmission of Rejected Tax Returns**

If the IRS rejects the electronic portion of a taxpayer's individual income tax return for processing, and the ERO cannot fix the reason for the rejection, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours. When the ERO tells the taxpayer that it hasn't filed the return, the ERO must provide the taxpayer

with the business rule(s) accompanied by an explanation. If the taxpayer chooses not to have the electronic portion of the return corrected and transmitted to the IRS, or if the IRS can't accept the return for processing, the taxpayer must file a paper return. To timely file the return, the taxpayer must file the paper return by the later of the due date of the return or ten calendar days after the date the IRS gives notification that it rejected the electronic portion of the return or that the return can't be accepted for processing. Taxpayers should include an explanation in the paper return as to why they are filing the return after the due date.

## **Advising Taxpayers about Refund Inquiries**

EROs should tell taxpayers how to follow up on returns and refunds by pointing out “**Where's My Refund**” and providing taxpayers with the IRS tax refund hotline, 800-829-1954.



Taxpayers can start checking on the status of their return within 24 hours after the IRS received their e-filed return, or four weeks after they mail a paper return. EROs should advise taxpayers that “Where’s My Refund” updates once every 24 hours, usually overnight.

To check on refunds, taxpayers need to enter the first Social Security Number shown on their tax return, the filing status and the exact amount of the refund in whole dollars.

## **Refund Delays**

Taxpayers often ask EROs to help them when refunds take longer than expected. The IRS may delay refunds for several reasons, including the following:

- Errors in Direct Deposit information (refunds then sent by check);
- Financial institution refusals of Direct Deposits (refunds then sent by check)

or delays in crediting the Direct Deposit to the taxpayer's account;

- Claims of the Earned Income Tax Credit or Additional Child Tax Credit require the IRS to hold the entire refund until mid-February;
- Estimated tax payments differ from amount reported on tax return (for example, fourth quarter payments not yet on file when return data is transmitted);
- Bankruptcy;
- Improper claims for the Earned Income Tax Credit, Additional Child Tax Credit, Credit for Other Dependents' Child Tax Credit, or American Opportunity Tax Credit; or
- Recertifications to claim the Earned Income Tax Credit, Child Tax Credit, Additional Child Tax Credit, Credit for

## Other Dependents' or American Opportunity Tax Credit.

The IRS sends a letter or notice explaining the issue(s) and how to resolve the issue(s) to the taxpayer when it delays a refund. The letter or notice has the contact telephone number and address for the taxpayer to use for further assistance. If taxpayers' refunds are lost or misapplied, taxpayers do not receive notices or letters or there is no information on **Where's My Refund** or the Refund Hotline (see Advising Taxpayers about Refund Inquiries above), EROs should advise taxpayers to call the IRS taxpayer assistance number.

## **Refund Offsets**

The IRS offsets as much of a refund as is needed to pay overdue taxes owed by taxpayers and lets them know when this occurs. The Bureau of the Fiscal Service offsets taxpayers' refunds through the

Treasury Offset Program (TOP) to pay off past-due child support, federal agency non-tax debts such as student loans and unemployment compensation debts, and state income tax obligations. Offsets to non-tax debts occur after the IRS has certified the refunds to Fiscal Service for payment but before Fiscal Service makes the Direct Deposits or issues the paper checks. Refund offsets reduce the amount of the expected Direct Deposit or paper check, but they do not delay the issuance of the remaining refund (if any) after offset. If taxpayers owe non-tax debts, they may contact the agency they owe, prior to filing their returns, to determine if the agency submitted their debts for refund offset. Fiscal Service sends taxpayers offset notices if it applies any part of their refund to non-tax debts. Taxpayers should contact the agencies identified in the Fiscal Service offset notice when offsets occur if they dispute the non-tax debts or have questions about the offsets. If taxpayers need

further clarification, they may call the Treasury Offset Program Call Center at 800-304-3107. If a refund is in a joint name but only one spouse owed the debt, the “injured spouse” should file **Form 8379, Injured Spouse Allocation**.

## **Disposal of Taxpayer Information**

After complying to records retention policies standards for retaining the required records (electronic and paper format) for the required period, taxpayer information and sensitive data files must be destroyed by properly shredding, burning, mulching, pulping or pulverizing beyond recognition and reconstruction. Destroy paper using crosscut shredders which produce particles that are 1 mm x 5mm (0.04 in. x 0.2 in.) in size (or smaller) or pulverize/disintegrate paper materials using disintegrator devices equipped with a 3/32 in. (2.4 mm) security screen.

## Other EROs

### IRS Sponsored Programs

Often individuals or organizations serve as unpaid tax return preparers in IRS sponsored programs including **Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)**. For IRS sponsored programs, unless otherwise noted, all requirements of a Provider apply. A manual or electronic quality review system must review each electronically filed return. The IRS may designate an individual for this purpose.

A VITA or TCE sponsor can only accept a return for electronic filing that meets the criteria for VITA or TCE assistance. A VITA or TCE sponsor may accept for electronic filing only the returns and accompanying forms and schedules included in a VITA or TCE training course.

See **Publication 4299, Privacy, Confidentiality and Civil Rights**. It is

designed to ensure Volunteers and their partnering organizations safeguard taxpayer information and understand their responsibilities.

## **Employers Offering IRS *e-file* as an Employee Benefit**

The following procedures apply to employers who choose to offer electronic filing as an employee benefit to business owners and spouses, employees and spouses and/or dependents of business owners and employees. These rules do not apply if an employer contracts with an ERO to originate the electronic submission of the tax return.

- An employer may offer electronic filing as an employee benefit whether the employer chooses to transmit tax returns or contracts with a third-party to transmit the tax returns. If an employer contracts with a third-party to transmit the tax returns, the

employer may collect from participating employees a fee that directly relates to defraying the actual cost of transmitting the electronic portion of the tax return.

- The employer must retain copies of tax returns, including **Forms 8453** and IRS *e-file* Signature Authorizations. It must not give this information to a third party, including a third-party Transmitter.



# **Chapter 4 - Transmission**

## **Reporting of Potential Identity Theft Refund Fraud Activity**

“Safeguarding taxpayers and IRS *e-file* from identity theft refund fraud requires that providers be diligent in detecting and preventing identity theft fraud patterns and schemes. Early detection of these patterns and schemes is critical to stopping them and their adverse impacts, and to protecting taxpayers and IRS *e-file*. Providers who transmit more than 2,000 individual income tax returns per year are required to perform analysis to identify potential identity theft fraud patterns and schemes, and to provide the results relative to any indicators of such fraud to the IRS on a weekly basis, in accordance with requirements that will be distributed to providers.”

# Requirements

In fulfilling the requirements of a Provider participating in IRS e-file, Transmitters must:

1. Transmit all electronic portions of returns to the appropriate IRS center within three calendar days of receipt;

**Note:** This requirement does not apply when the IRS isn't accepting specific returns, forms, or schedules until a date later than the start-up of IRS *e-file* due to constraints such as late legislation, programming issues and controlled validation activities, etc. Controlled validation activities are when the IRS provides special instructions to Transmitters relating to the submission of certain returns.

2. Retrieve the acknowledgment file within two workdays of transmission;

3. Match the acknowledgment file to the original transmission file and send the acknowledgment file containing all conditions on accepted returns, including non-receipt of Personal Identification Number (PIN), etc., to the Electronic Return Originator (ERO) or Intermediate Service Provider within two workdays of retrieving the acknowledgment file;
4. Retain an acknowledgment file received from the IRS until the end of the calendar year in which the electronic return was filed;
5. Contact the IRS at its e-help number, 866-255-0654, for further instructions if an acknowledgment of acceptance for processing has not been received within two workdays of transmission or if an acknowledgment for a return that was not transmitted on the designated transmission is received;

6. Promptly correct any transmission error that causes an electronic transmission to be rejected;
7. Contact the IRS at its e-help number, 866-255-0654, for assistance if the electronic portion of the return has been rejected after three transmission attempts;
8. Ensure the security of all transmitted data;
9. Ensure against the unauthorized use of its Electronic Filing Identification Number (EFIN) or Electronic Transmitter Identification Number (ETIN). A Transmitter must not transfer its EFIN or ETIN by sale, merger, loan, gift or otherwise to another entity; and
10. Use only software that does not have an IRS assigned production password built into the software.

11. Provide the Device ID from the equipment used to prepare the return.
12. Providers who collectively transmit more than 2,000 individual income tax returns per year must perform analysis to identify potential identity theft fraud patterns and schemes. They must provide the results relative to any indicators of such fraud to the IRS on a weekly basis, following requirements that will be distributed to providers.

## **Additional Requirements for Transmitters Participating in Online Filing**

In addition to requirements of all Transmitters in the IRS *e-file* Program, a Transmitter that participates in Online Filing has some additional responsibilities.

When participating in Online Filing, the Transmitter must:

1. Ensure that it includes their assigned Online Filing EFIN, which begins with 10, 21, 32, 44 or 53, in the proper field in the electronic return data;
2. Ensure that the Intermediate Service Provider's EFIN is included in the electronic return data, when applicable;
3. Include the assigned Submission ID in the transmission of the electronic return data to the IRS;
4. Notify the taxpayer of the status of a return by sending an electronic transmission to the taxpayer or the Intermediate Service Provider, when applicable, within two workdays of retrieving the acknowledgment file from the IRS or by mailing a written notification to the taxpayer within one work day of retrieving the acknowledgment file;

5. Ensure that it doesn't accept transmission for more than five electronic returns originating from one software package or from one e-mail address;
6. Provide the Internet Protocol (IP) information (public/routable IP Address, IP Date, IP Time and IP Time Zone of the computer the taxpayer uses to submit the return);
7. Enter into agreements with companies to allow access to Online Filing only if companies correctly capture the IP Address of the computer submitting the return and the date, time and time zone of the computer receiving it;
8. Include "Online Filer" in the "Originator Type" field of the Trans Record "A".

The Transmitter must notify the taxpayer of the following if the IRS accepts the electronic part of a taxpayer's return:

- The date the transmission was accepted;
- The Submission ID (SID);
- The requirement to properly complete and timely submit a **Form 8453**, if required, with accompanying paper documents;
- The appropriate submission processing center's address to which **Form 8453** with accompanying paper documents, if required, must be sent;
- The IRS must receive a **Form 8453**, if required, before an Online filed return is complete.

The Transmitter must tell the taxpayer of the following if the IRS rejects the electronic part of a taxpayer's return:

- The IRS rejected the electronic part of the taxpayer's return;
- The date of the rejection;



- The definition(s) of the business rule(s);
- The steps the taxpayer needs to take to correct the errors that caused the rejection; and
- The taxpayer must file a paper return if the taxpayer chooses not to have the electronic part of the return corrected and transmitted to the IRS, or, if the IRS can't accept the electronic portion of the return for processing by the IRS. To timely file a paper return, the taxpayer must file it by the later of the due date of the return or 10 calendar days after the date the IRS gives notification that it has rejected the electronic portion of the return or that it can't accept the return for processing. Taxpayers should include an explanation as to why they are filing the paper return after the due date.

A Transmitter that receives returns from an Intermediate Service Provider for Online Filing must follow the same requirements as a Transmitter that receives returns from Intermediate Service Providers for an ERO.

## **Electronic Postmark**

A Transmitter may provide an electronic postmark to taxpayers that file Individual Income Tax Returns and Extensions of Time to File Individual Income Tax Returns, through an ERO or through Online Filing. The Transmitter creates the electronic postmark bearing the date and time (in the Transmitter's time zone) that the return is received at the Transmitter's host computer. The taxpayer must adjust the electronic postmark to the time zone where the taxpayer lives to determine the postmark's actual time. For example, if the Transmitter provides an electronic postmark with a time in the Pacific Time Zone but the taxpayer resides in the Eastern Time Zone, the

taxpayer must add three hours to the postmark time to determine the actual postmark time (Eastern Time Zone).

If the electronic postmark is on or before the prescribed deadline for filing, but the IRS receives the return after the prescribed deadline for filing, the IRS treats the return as timely filed. For the IRS to treat a return as timely filed, based on the electronic postmark's date, the taxpayer must meet all requirements for signing the return and when applicable, mailing Form 8453 with supporting documents not included in the electronic record. If the electronic postmark is after the prescribed deadline for filing, the IRS actual receipt date, not the date of the electronic postmark, is the filing date. If the IRS rejects a return, the taxpayer must file a corrected return following the rules for timely filing corrected returns after rejection of an electronic return.

The IRS authorizes a Transmitter to provide an electronic postmark if the Transmitter:

- Creates an electronic postmark bearing the date and time (in the Transmitter's time zone) the return was received by the Transmitter's host system;
- Provides the electronic postmark to the taxpayer or the ERO no later than when the acknowledgment is made available to the taxpayer in a format that precludes alteration and manipulation of the electronic postmark information;
- Provides the same electronic postmark data to the IRS in the electronic record of the return;
- Provides taxpayers with an explanation of the electronic postmark and when the IRS treats the electronic postmark as the filing date;

- Refrains from using terms that currently have specific meaning in the postal industry such as “certified” or “registered” and similar terms, and from using “Internal Revenue Service”, “IRS” or “Federal” as a definer of the electronic postmark when discussing the electronic postmark, including in all advertising, product packaging, articles, press releases and other presentations;
- Retains a record of each electronic postmark until the end of the calendar year and provides the record to the IRS upon request;
- Transmits all tax returns and extensions of time to file that received an electronic postmark to the IRS within two days of receipt from the ERO or from the taxpayer in the case of Online Filing; and

- Retains the original electronic postmark of the rejected return for a corrected return that the Transmitter received through the last date for retransmitting rejected returns and creates a new postmark for all returns, including corrected returns received after the last date for retransmitting returns. All corrected returns retaining an electronic postmark of a date through the prescribed last day of filing must be transmitted to the IRS within two days of the date the return was received by the Transmitter or the twenty second day of the respective month of the prescribed due date, whichever is earlier.

## **Transmitting for Federal/State *e-file***

If Providers take part in Federal/State *e-file*, software should meet both IRS and state specifications.

However, before electronic return data can be transmitted (both federal and state electronic return data is transmitted to the IRS), all requirements for transmitting electronic data in IRS *e-file* must be met. Contact the proper state coordinator for additional requirements specific to that state.

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# **Chapter 5 - Other Authorized IRS *e-file* Provider Activities**

In addition to electronic return origination and transmission previously discussed, there are other activities performed by Providers, including intermediate service and software development.

## **Intermediate Service Providers**

An Intermediate Service Provider receives tax information from an Electronic Return Originator (ERO) (or from a taxpayer who files electronically using a personal computer and commercial tax preparation software), processes the tax return information and either forwards the information to a Transmitter or sends the information back to the ERO or taxpayer (for Online Filing).

A Provider participating as an Intermediate Service Provider must meet the following

responsibilities to take part in IRS *e-file*. The Intermediate Service Provider must:

1. Deliver all electronic returns to a Transmitter or the ERO who gave the electronic returns to the Intermediate Service Provider within three calendar days of receipt;
2. Retrieve the acknowledgment file from the Transmitter within one calendar day of receipt by the Transmitter and send the acknowledgment file to the ERO (whether related or not) within one workday of retrieving it;
3. Retain each acknowledgment file received from a Transmitter until the end of the calendar year in which the electronic return was filed;
4. Input the TINs and addresses on a Form **W-2**, **W-2G**, **1099-R** or **Schedule C** as applicable in the electronic return record when they

differ from the taxpayer's TIN or address in the electronic individual income tax return as described in "**Verifying Taxpayer Identify and Taxpayer Identification Numbers (TINs)**" and "**Be Careful with Addresses**" if inputting the electronic data; and

5. Send any return needing changes as described in "**Electronic Return Originator**" back to the ERO for correction.

## **Additional Requirements for Intermediate Service Providers Participating in Online Filing**

When the taxpayer files a return using Online Filing, the Intermediate Service Provider processes information for a taxpayer so that a Transmitter can send the electronic return(s) to the IRS. In so doing, the Intermediate Service Provider must:

1. Ensure that it uses an Online Filing EFIN which begins with 10, 21, 32, 44 or 53;
2. Ensure that its Online Filing EFIN is included in the appropriate field in the electronic return data;
3. Send the transmission to the Transmitter within 24 hours of the receipt of the return from the taxpayer;
4. Ensure that no more than five tax returns are filed electronically by one software package or from one e-mail address;
5. Ensure that software used by the taxpayer does not have an IRS-assigned production password built into the software; and
6. Immediately forward to the taxpayer information received from the Transmitter as required for Online

Filing. For example, a Transmitter receives information from the IRS about the status of the electronic portion of a taxpayer's return. See "**Additional Requirements for Participants in Online Filing.**"

## **Software Developers**

A Software Developer develops software for the purposes of formatting electronic return information according to IRS *e-file* specifications and/or transmitting electronic return information directly to the IRS.

Software Developers may find information about Modernized e-file (MeF) schemas in **Publication 4164,**

**Modernized (MEF) E-file Guide for Software Developers and Transmitters** and on **IRS.gov**. Software Developers must pass Assurance Testing System (ATS) as prescribed in **Publication 1436, Test**

## Package for Electronic Filers of Individual Income Tax Returns.

A Software Developer must:

1. Promptly correct any software error which causes the electronic part of a return to be rejected and then promptly distribute that correction.
2. Ensure that its software contains proper language and version indicators for Consent to Disclose and Jurat statements.
3. Ensure software contains IRS *e-file* Signature Authorization.
4. Ensure its software allows for input of different addresses on forms and schedules when they differ from the taxpayer's address in the electronic individual income tax return. Also require the manual key entry of the Taxpayer Identification Number (TIN) as it appears on Form W-2 for

taxpayers with Individual Taxpayer Identification Numbers (ITINs) who are reporting wages.

5. Ensure software packages that support the Form 1040-SR use the Form 1040 schema to submit the return electronically. The Form 1040 schema has a Form 1040-SR Indicator checkbox that must be marked to show Form 1040-SR is being electronically filed. Form 1040 schema will be completed as usual; however, MeF will process the return as a Form 1040-SR. Taxpayers age 65 or older have the choice to submit Form 1040-SR electronically. All Form 1040 Business Rules will apply to the Form 1040-SR.
6. Software Developers are being asked to default the "Routing and Account Numbers" in the software packages on Forms 1040/1040-SR/1040-NR/1040-

SS/PR, to "XXXXXXXXX (capital X's)", when taxpayers choose not to have their refund directly deposited into an account. These fields should never be blank.

## **Additional Requirements for Software Developers Participating in Online Filing**

A Software Developer that participates in Online Filing must also:

1. Ensure that its software package can't be used to transmit more than five electronic returns.
2. Ensure that its software, if available for use on an Internet, can't be used to file more than five electronic returns from one e-mail address.
3. Ensure that its software contains a **Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file**



**Return**, that can be printed and used by a taxpayer to mail supporting documents to IRS.

4. Ensure that its software contains a payment voucher that can be printed and used by a taxpayer to file with the IRS.
5. Ensure the Internet Protocol (IP) statement is present.
6. Ensure online software packages that support 1040-SR provide this choice to taxpayers age 65 or older.

## **Additional Requirements for Software Developers Enabling Electronic Signatures for Forms 8878 and 8879**

A Software Developer that enables electronic signatures for Forms 8878 and 8879 must:

1. Provide the following in an accessible format (including print capability) for the electronic return originator:
  - Digital image of the signed form.
  - Date and time of the signature.
  - Taxpayer's computer IP address (Remote transaction only).
  - Taxpayer's login identification – username (Remote transaction only).
  - Identity verification: taxpayer's knowledge-based

authentication passed results and for in-person transactions, confirmation that government photo identification has been verified.

- Method used to sign the record, (e.g., typed name); or a system log; or other audit trail that reflects the completion of the electronic signature process by the signer.
2. Follow the identity verification requirements.
  3. Ensure software disables identity verification after three attempts.
  4. Ensure identity verification transactions occur in a secure portal.
  5. Ensure the electronic record that has been signed is tamper-proof.

6. Ensure storage system has secure access controls.
7. Ensure storage system has a retrieval system that includes an indexing system.
8. Ensure software can reproduce legible and readable hardcopies of Form 8878 or 8879.
9. Ensure software does not allow tax return transmission until Form 8879 is signed. A Software Developer that enables electronic signatures for Forms 8878 and 8879 should:
  - Follow best practices and clearly provide information for taxpayers on use of third-party data and “soft inquiries” prior to beginning the identity verification process.
  - Follow best practices and clearly provide information for

taxpayers that the IRS won't be given view of or access to a taxpayer's credit report, nor will the credit reporting company or other identity verification third party have access to the taxpayer's tax information.

See "Electronic Signature Guidance for Forms 8878 and 8879" section for detailed information.

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# Chapter 6 - IRS *e-file* Rules and Requirements

All Providers must follow IRS *e-file* rules and requirements to continue participation in IRS *e-file*. Requirements are included in **Revenue Procedure 2007-40**, throughout this publication and in other publications and notices that govern IRS *e-file* (See **Publication 3112, IRS e-file Application and Participation**). All Providers must follow all rules and requirements, regardless of where published. Some rules and requirements are specific to the activities performed by the Provider and are included in appropriate chapters of this publication. The following list, while not all inclusive, applies to all Providers of individual income tax returns, except Software Developers that do not engage in any other IRS *e-file* activity other than software development. A Provider must:

1. Maintain an acceptable cumulative error or reject rate.
2. Follow the requirements for ensuring that tax returns are properly signed.
3. Use the standard/non-standard Form W-2 indicator.
4. Use the Tax Refund-Related Product or Financial Product indicator.
5. Include the Electronic Return Originator's (ERO's) Electronic Filing Identification Number (EFIN) as the return EFIN for returns the ERO submits to an Intermediate Service Provider or Transmitter.
6. Include the Intermediate Service Provider's EFIN in the designated Intermediate Service Provider field in the electronic return record.
7. Submit an electronic return to the IRS with information that is identical to the



information provided to the taxpayer on the copy of the return.

## **Additional Requirements for Participants in Online Filing**

In addition to the above, participants in Online Filing must adhere to the following:

1. Ensure that no more than five electronic returns are filed from one software package or one e-mail address.
2. Supply a taxpayer with a correct Submission ID.

## **Tax Refund-Related Products**

Tax refund-related products are financial products based on taxpayers receiving a tax refund. Financial institutions offer a variety of financial products to taxpayers based on their refunds. Such products include a Refund Anticipation Loan (RAL), which is money borrowed by a taxpayer from a lender based

on the taxpayer's anticipated income tax refund, and a Refund Anticipation Check (RAC), which directs the refund to a financial institution which disburses fees and the balance to the taxpayer. The tax refund-related products continually evolve, and new products appear, such as pre-refund advance products. These pre-refund advance products generally are free to the taxpayer (i.e., without interest or fees) and should not be considered as RALs. The IRS isn't involved in or responsible for RALs, RACs or other financial products. This is considered a business contract between the Provider and the taxpayer. Providers that assist taxpayers in applying for a tax refund-related financial product should:

- Ensure taxpayers understand that by agreeing to a refund-related financial product they won't receive their refund from the IRS as the IRS will send their refund to the financial institution.

- Inform taxpayers that RALs are interest bearing loans and not a quicker way of receiving their refunds from the IRS.
- Inform taxpayers that if the financial institution does not receive a direct deposit within the expected time frame for whatever reason, the taxpayers may be liable to the lender for additional interest and other fees, as applicable for the RAL or other tax refund-related product (see explanation below).
- Inform taxpayers of all fees and other known deductions to be paid from their refund and the remaining amount the taxpayers will receive.
- Secure the taxpayer's written consent as specified in **Treas. Reg. § 301.7216-3(a)** to disclose tax information to the lending financial institution in connection with an

application for a refund- related financial product.

- Ensure that the tax return preparer isn't a related taxpayer (within the meaning of Internal Revenue Code **§267** or **§707A**) to the financial institution or other lender that makes a RAL agreement.

There are no guarantees that the Department of the Treasury deposits refunds within a specified time or in their entirety. For example, it may delay a refund due to processing problems or, it may offset some or all the refund. The Department of the Treasury isn't liable for any loss suffered by taxpayers, Providers or financial institutions resulting from reduced refunds or not honored direct deposits, causing it to issue refunds by check.

Software/Transmitters should note that the IRS has changed the designations and definitions of financial products to include:

0. "No Financial Product"
1. "Pre-Refund Advance Product - Taxpayer Charged an Advance Fee (RAL)"
2. "Post-Refund Financial Product (Refund Transfer - RAC)"
3. "Pre-Refund Advance Product - Taxpayer Not Charged an Advance Fee"
4. "Other/New Product"
5. "Text Field to Explain Other/New Product"

## **Advertising Standards**

The advertising standards in **Publication 3112, IRS e-file Applications and Participation**, and Federal, state, and local consumer protection laws apply to Providers of individual income tax returns in several ways.

Providers must not use improper or misleading advertising in relation to IRS *e-file*, including the periods for refunds and tax refund-related products including RALs. Any claims by Providers concerning faster refunds by electronic filing must be consistent with the language in official IRS publications. If Providers advertise the availability of a RAL or other tax refund-related product, the Provider and financial institution must clearly refer to or describe the funds as a loan or other financial product, not as a refund. The advertisement of a RAL or other tax refund-related product must be easy to identify and in readable print. That is, it must make clear in the advertising that the taxpayer is borrowing against the expected refund or receiving another tax refund-related product and isn't obtaining the refund itself.

A Provider must not advertise that individual income tax returns may be electronically filed prior to the Provider's receipt of Forms **W-2**,

**W-2G** and **1099-R**, as the Provider is generally prohibited from electronically filing returns prior to receipt of Forms W-2, W-2G, and 1099-R. Advertisements must not imply that the Provider does not need Forms W-2, W-2G and 1099-R, or that it can use pay stubs or other documentation of earnings to e-file individual income tax returns.

In using the direct deposit name and logo in advertisement, the Provider must use the name “Direct Deposit” with initial capital letters or all capital letters, use the logo/graphic for direct deposit whenever feasible and may change the color or size of the direct deposit logo/graphic when it uses it in advertisements.

## **Disclosure of Tax Return Information**

Under **Treas. Reg. §301.7216-2d(1)**, disclosure of tax return information among Providers for the purpose of preparing a tax

return is permissible without the taxpayer's consent. For example, an ERO may pass on tax return information to an Intermediate Service Provider and/or a Transmitter for the purpose of having an electronic return formatted and transmitted to the IRS. However, if the tax return information is disclosed or used in any other way without the taxpayer's consent, an Intermediate Service Provider and/or a Transmitter may be subject to the penalties described in **I.R.C. §7216** and/or the civil penalties in **I.R.C. §6713** for unauthorized disclosure or use of tax return information.

## **Penalty Information for Authorized IRS e-file Providers**

Preparer penalties may be asserted against an individual or firm meeting the definition of a tax return preparer under **I.R.C. §7701(a)(36)** and **Treas. Reg. §301.7701-15**. A person that prepares for compensation, or who employs one or more



persons to prepare for compensation, all or a substantial portion of any tax return may be subject to preparer penalties. Preparer penalties that may be asserted under appropriate circumstances include, but are not limited to, those set forth in I.R.C. **6694**, **6695**, **6701** and **6713**.

Under **§301.7701-15(c)**, Providers are not tax return preparers for the purpose of assessing most preparer penalties as long as their services are limited to “typing, reproduction or other mechanical assistance in the preparation of a return or claim for refund.” If an ERO, Intermediate Service Provider, Transmitter or the product of a Software Developer alters the return information in a non-substantive way, this alteration is considered to come under the “mechanical assistance” exception described in **§301.7701-15(c)**. A non- substantive change is a correction or change limited to a

transposition error, misplaced entry, spelling error or arithmetic correction.

If an ERO, Intermediate Service Provider, Transmitter or the product of a Software Developer alters the return in a way that does not come under the “mechanical assistance” exception, the IRS may hold the Provider liable for preparer penalties. See **Treas. Reg. §301.7701-15(c)**; Rev. Rul. 85-189, 1985-2 C.B. 341 (which describes a situation where the Software Developer was determined to be a tax return preparer and subject to certain preparer penalties).

A penalty may be imposed, per **I.R.C. §6695(f)**, on a tax return preparer who endorses or negotiates a refund check issued to any taxpayer other than the tax return preparer. The prohibition on tax return preparers negotiating a refund check is limited to a refund check for returns they prepared.

A tax return preparer that is also a financial institution, but has not made a loan to the taxpayer based on the taxpayer's expected refund, may

- cash a refund check and remit all the cash to the taxpayer,
- accept a refund check for deposit in full to a taxpayer's account provided the bank does not initially endorse or negotiate the check or
- endorse a refund check for deposit in full to a taxpayer's account pursuant to a written authorization of the taxpayer.

A preparer bank may also subsequently endorse or negotiate a refund check as part of the check-clearing process through the financial system after initial endorsement. Under **Treas. Reg. 1.6695-1(f)**, a tax return preparer, however, may affix the taxpayer's name to a refund check for the purpose of

depositing the check into the account in the name of the taxpayer or in joint names of the taxpayer and one or more persons (excluding the tax return preparer) if authorized by the taxpayer or the taxpayer's recognized representative. The IRS may sanction any tax return preparer that violates this provision.

In addition to the above-specified provisions, the IRS reserves the right to assert all appropriate preparer and non-preparer penalties against a Provider as warranted.

# **Notice - Paperwork Reduction Act**

The collections of information contained in this publication have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1708.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number. It must maintain books or records relating to a collection of information if their contents may become material in the administration of any internal revenue law. Tax returns and tax return information are confidential, as required by 26 U.S.C. §6103.

The collections of information in this publication are in chapters 3, 4 and 5. This information is required to implement IRS e-

*file* and to enable taxpayers to file their individual income tax returns electronically. The IRS uses this information to ensure that taxpayers receive accurate and essential information regarding the filing of their electronic returns and to identify the persons involved in the filing of electronic returns. The collections of information are required to retain the benefit of participating in IRS *e-file*. The likely respondents are business or other for-profit institutions.

The estimated total annual reporting and recordkeeping burden is 6,023,762 hours.

# **IRS *e-file* Glossary**

**Acceptance Letter** - Correspondence that includes identification numbers that are issued by the IRS to applicants confirming they may participate in IRS *e-file* as Authorized IRS *e-file* Providers (Providers).

**Acknowledgment (ACK)** - A report generated by the IRS to a Transmitter that shows receipt of all transmissions. An ACK Report shows the returns in each transmission that are accepted or rejected for specific reasons.

**Acceptance or Assurance Testing (ATS)** - Required testing for Software Developer that participate in IRS *e-file* to assess their software and transmission capability with the IRS, prior to live processing.

**Administrative Review Process** - The process by which a denied applicant or sanctioned Authorized IRS *e-file* Provider may appeal the IRS's denial or sanction.

**Adoption Taxpayer Identification Number (ATIN)** - A tax processing number issued by the IRS as a temporary taxpayer identification number for a child in the domestic adoption process who isn't yet eligible for a Social Security Number (SSN). An ATIN isn't a permanent identification number and is only intended for temporary use. To obtain an ATIN, complete IRS Form **W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions**.

**Authorized IRS e-file Provider (Provider)** - A firm accepted to participate in IRS *e-file*.

**Automated Clearing House (ACH)** - A system that administers electronic funds transfers (EFTs) among participating financial institutions. An example of such a transfer is Direct Deposit of a tax refund from IRS into a taxpayer's account at a financial institution.

**Bureau of the Fiscal Service**- The agency of the Department of the Treasury through which payments to and from the government,



such as Direct Deposits of refunds, are processed.

**Business Rules (BR)** - Error codes included on an Acknowledgment (Ack) for returns that the IRS rejected. Explanations are distributed through the SOR and e-Services mailboxes prior to the filing season.

**Communications Testing** - Required test for all Transmitters using accepted IRS *e-file* software to assess their transmission capability with the IRS prior to live processing.

**Denied Applicant** - An applicant that the IRS does not accept to participate in IRS *e-file*. An applicant that the IRS denies from participation in IRS *e-file* has the right to an administrative review.

**Depositor Account Number (DAN)** - The financial institution account to which a Direct Deposit refund is to be routed.

**Device ID** - The Device ID is a 40-digit alphanumeric value that is case sensitive with no separators and run through hash algorithm SHA-1 that should include unique information such as the hardware serial number and UUID together.

**Digital Signature** - An electronic signature based upon cryptographic methods of originator authentication, computed by using a set of rules and a set of parameters such that the identity of the signer and the integrity of the data can be verified. The digital signature must be consistent with Federal Information Processing Standards for digital signatures adopted by the National Institute for Standards and Technology and includes use of the digital signature algorithm, the RSA digital signature, and the elliptic curve digital signature algorithm to verify and validate digital signatures.

**Direct Deposit** - An electronic transfer of a refund into a taxpayer's financial institution account.

**Direct Filer** - see "Transmitter."

**Drop or Dropped** - An EFIN that is no longer valid due to inactivity or other administrative action.

**Due Diligence** - Due Diligence, when used in context with claiming the head of household filing status or certain credits including the Earned Income Tax Credit (EITC), refers to requirements that income tax return preparers must follow when determining eligibility to file a return or claim for refund as head of household and when determining eligibility for, and the amount of, certain credits including the EITC.

**Earned Income Tax Credit (EITC)** - The Earned Income Tax Credit is a refundable individual income tax credit for certain persons who work.

## **Electronic Federal Tax Payment System (EFTPS)**

– A free service from the U.S. Treasury through which federal taxes may be paid. The taxpayer can pay taxes via the Internet, by phone or through a service provider. After authorization, EFTPS electronically transfers payments from the authorized bank account to the Treasury's general account.

**Electronic Filing Identification Number (EFIN)** - An identification number assigned by the IRS to accepted applicants for participation in IRS *e-file*.

**Electronic Funds Transfer (EFT)** - The process through which Department of the Treasury transmits direct deposit refunds from the government to the taxpayer's account at a financial institution.

**Electronic Funds Withdrawal (EFW)** - A payment method that allows the taxpayer to authorize the U.S. Treasury to electronically

withdraw funds from their checking or savings account.

**Electronic Postmark** - The Electronic Postmark is the date and time the Transmitter first receives the electronic return on its host computer in the Transmitter's time zone. The taxpayer adjusts the time to their time zone to determine timeliness.

**Electronic Record** - Any combination of text, graphics, data, audio, pictorial or other information representation in digital form that is created, modified, maintained, archived, retrieved or distributed by a computer system.

**Electronic Return Originator (ERO)** - An Authorized IRS *e-file* Provider that originates the electronic submission of returns to the IRS.

**Electronic Signature** - A method of signing an electronic message that identifies and authenticates a particular person as the

source of the electronic message and indicates such person's approval of the information contained in the electronic message.

**Electronic Signature Pad** - An electronic device with a touch sensitive LCD screen which allows users to acquire and register a signature or any other physical signature capture device that captures and converts a signature into an electronic format.

**Electronic Tax Administration Advisory Committee (ETAAC)** - An advisory group established by the IRS Restructuring and Reform Act of 1998 to provide an organized public forum for discussion of ETARC issues in support of the overriding goal that paperless filing should be the preferred and most convenient method of filing tax and information returns.

**Electronic Transmitter Identification Number (ETIN)** - An identification number assigned by the IRS to a participant in IRS e-

*file* that performs activity of transmission and/or software development.

**Element Name (Tag Name)** - a defined field name which the Software must use to identify the data they are providing.

**Federal/State e-file** - The Federal/State *e-file* choice allows taxpayers to file federal and state income tax returns electronically in a single transmission to the IRS.

**Financial Institution** - For direct deposit of tax refunds, the IRS defines a financial institution as a state or national bank, savings and loan association, mutual savings bank or credit union. Only certain financial institutions and certain kinds of accounts are eligible to receive direct deposits of tax refunds.

**Fraudulent Return** - A “fraudulent return” is a return in which the individual is attempting to file using someone’s name or SSN on the return or where the taxpayer is presenting

documents or information that have no basis in fact.

**Note:** Taxpayers should not file fraudulent returns with the IRS.

**Indirect Filer** - An Authorized IRS *e-file* Provider who submits returns to IRS via the services of a Transmitter.

**Individual Taxpayer Identification Number (ITIN)** - A tax processing number that became available on July 1, 1996, for certain nonresident and resident aliens, their spouses and dependents. The ITIN is only available from IRS for those individuals who cannot obtain a Social Security Number (SSN). To obtain an ITIN, complete IRS **Form W-7, Application for IRS Individual Taxpayer Identification Number**.

**Intermediate Service Provider** - An Authorized IRS *e-file* Provider that receives electronic tax return information from an ERO or a taxpayer who files electronically using a



personal computer and commercial tax preparation software, that processes the electronic tax return information and either forwards the information to a Transmitter or sends the information back to the ERO or taxpayer.

**Internet Protocol (IP) Information** - The IP address, date, time and time zone of the origination of a tax return filed through Online Filing via the Internet. IRS requires Transmitters that provide Online Services via the Internet to capture the Internet Protocol Information of Online returns. By capturing this information, it transmits the location of the return's originator with the individual's electronic return. See **Publication 4164** for additional Information.

**IRS e-file** - The brand name of the electronic filing method established by the IRS.

**IRS Master File** - A centralized IRS database containing taxpayers' personal return information.

**Levels of Infractions** - Categories of infractions of IRS *e-file* rules based on the seriousness of the infraction with specified sanctions associated with each level. Level One is the least serious, Level Two is moderately serious and Level Three is the most serious.

**Memorandum of Agreement (MOA) & Memorandum of Understanding (MOU)** - The implementing document containing the set of rules established by the IRS for participating in IRS pilots/programs.

**Modernized *e-file* (MeF)** - The Modernized *e-file* (MeF) system is an Internet-based electronic filing platform. It is a transaction-based system that allows tax return originators to transmit returns electronically to the IRS in real-time. MeF improves the response time required to issue an *acknowledgment* file to the transmitter that shows whether the return was accepted or rejected for downstream processing.

**Monitoring** - Activities the IRS performs to ensure that Authorized IRS *e-file* Providers are following the IRS *e-file* requirements. Monitoring may include, but isn't limited to, reviewing IRS *e-file* submissions, investigating complaints, scrutinizing advertising material, checking signature form submissions and/or recordkeeping, examining records, observing office procedures and conducting periodic suitability checks. IRS personnel perform these activities at IRS offices and at the offices of Providers.

**Name Control** - The first four significant letters of a taxpayer's last name that the IRS uses in connection with the taxpayer SSN to identify the taxpayer, spouse and dependents.

**Non-substantive Change** - A correction or change limited to a transposition error, misplaced entry, spelling error or arithmetic correction which does not require new

signatures or authorizations to be transmitted or retransmitted.

**Online Provider** - An Online Provider allows taxpayers to self-prepare returns by entering return data directly on commercially available software, software downloaded from an Internet site and prepared off-line, or through an online Internet site. Online Provider is a secondary role; therefore, they must also choose another Provider Option such as Software Developer, Transmitter or Intermediate Service Provider.

Although an ERO may also use a website to obtain information from taxpayers to originate the electronic submission of returns, the ERO isn't an Online Provider.

**Originate or Origination** - Origination of an electronic tax return submission occurs when an ERO either:

1. directly transmits electronic returns to the IRS,

2. sends electronic returns to a Transmitter or
3. provides tax return data to an Intermediate Service Provider.

**Pilot Programs** - An approach that the IRS uses to improve and simplify IRS *e-file*. The IRS usually conducts pilot programs within a limited geographic area or within a limited taxpayer or practitioner community. The IRS embodies rules for participating in pilot programs in an implementing document typically referred to as a "Memorandum of Understanding" (MOU) or "Memorandum of Agreement" (MOA). Pilot participants must agree to the provisions of the implementing document to participate in the pilot program.

**Potentially Abusive Return** - A "potentially abusive return" is a return

1. that isn't a fraudulent return;
2. that the taxpayer must file; and

3. that may have inaccurate information that may lead to an understatement of a liability or an overstatement of a credit resulting in production of a refund to which the taxpayer may not be entitled.

**Note:** The decision not to provide a RAL or other bank product does not necessarily make it an abusive return.

**Practitioner PIN Method** - An electronic signature choice for taxpayers who use an ERO to e-file. This method requires the taxpayer to create a five-digit Personal Identification Number (PIN) to use as the signature on the e-filed return.

**Note:** Requires Form 8879 to be completed.

**Preparer Tax Identification Number (PTIN)** - An identification number issued by the IRS that paid tax return preparers must use on returns they prepared. A PTIN meets the requirements under section 6109(a)

(4) of furnishing a paid tax return preparer's identifying number on returns that he or she prepares. Obtain a PTIN at [IRS.gov/PTIN](https://www.irs.gov/PTIN).

**Principals** – Generally the Principal for a business or organization includes sole proprietor, each partner who has a 5 percent or more interest in the partnership, the President, Vice-President, Secretary, and Treasurer of the corporation and an individual authorized to act for the entity in legal and/or tax matters for an entity that isn't a sole proprietorship, partnership, or corporation.

**Refund Anticipation Check (RAC)** – Financial product where the tax refund is issued to a limited/special purpose deposit account at a financial institution that disburses fees associated with tax preparation and/or other services, and the balance to the taxpayer.

**Refund Anticipation Loan (RAL)** - A Refund Anticipation Loan is money borrowed by a taxpayer that lender bases on a

taxpayer's expected income tax refund. The IRS isn't involved in RALs. A RAL is a contract between the taxpayer and the lender. A lender may market a RAL under various commercial or financial product names.

**Refund Cycle** - The expected date that the IRS would issue a refund either by direct deposit or by mail to a taxpayer. However, neither the IRS nor Fiscal Service guarantees the specific date that Department of the Treasury mails a refund or deposits it into a taxpayer's financial institution account.

**Responsible Official** - An individual with authority over the IRS *e-file* operation of the office(s) of an

Authorized IRS *e-file* Provider, who is the first point of contact with the IRS and has authority to sign revised IRS *e-file* applications. A Responsible Official ensures that the Authorized IRS *e-file* Provider adheres to the provisions of the Revenue



Procedure and the publications and notices governing IRS *e-file*.

**Revenue Protection** - A series of compliance programs designed to ensure that the revenue the government collects and/or disburses in the form of refunds is accurate and timely, and that it issues disbursement of revenue only to entitled taxpayers.

**Routing Transit Number (RTN)** - A number assigned by the Federal Reserve to each financial institution.

**RSA** - An algorithm developed by Rivest, Shamir and Adleman.

**Sanction** – An action taken by the IRS to reprimand, suspend or expel from participation in IRS *e-file*, an Authorized IRS *e-file* Provider based on the level of infraction. See also Level of Infraction.

**Self-Select PIN Method** - An electronic signature choice for taxpayers who e-file using either a personal computer or an ERO.

This method requires the taxpayer to create a five-digit Personal Identification Number (PIN) to use as the signature on the e-file return and to submit authentication information to the IRS with the e-file return.

**Software Developer** - An Authorized IRS *e-file* Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to **Publication 4164** and/or (b) transmitting the electronic portion of returns directly to the IRS. A Software Developer may also sell its software.

**Stockpiling** – Stockpiling is waiting more than three calendar days to submit returns to the IRS after the Provider has all necessary information for origination of the electronic return or collecting *e-file* returns prior to official acceptance for participation in IRS *e-file*. The IRS does not consider collecting tax returns for IRS *e-file* prior to the startup of IRS *e-file* as stockpiling. However, Providers

must tell taxpayers that it can't transmit the returns to the IRS prior to the startup date.

**Stylus Device** - A device used on a display screen to input commands or handwritten text.

**Submission ID** - A globally unique 20-digit number assigned to electronically filed tax returns with the following format: (EFIN + ccyddd + 7-digit alphanumeric sequence number).

**Suitability** - A check conducted on all firms and the Principals and Responsible Officials of firms when an application is initially processed, and on a regular basis thereafter. The suitability check consists of a tax compliance check and include a background check conducted by the IRS to ensure the firm and individuals are eligible for participation in IRS e-file.

**Suspension** - A sanction revoking an Authorized IRS *e-file* Provider's privilege to participate in IRS *e-file*.

**Transmitter** - An Authorized IRS *e-file* Provider that transmits the electronic part of a return directly to the IRS

**Treasury Offset Program (TOP)** - A centralized offset program administered by the Bureau of the Fiscal Service to collect delinquent debts owed to federal agencies and states (including past-due child support).

**Warning** - Written notice given by the IRS to an Authorized IRS *e-file* Provider requesting specific corrective action be taken to avoid future sanctioning.

**Written Reprimand** - A sanction for a level one infraction of the IRS *e-file* rules. It reprimands a Provider for an infraction but does not restrict or revoke participation in IRS *e-file*.