

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 03/06/03****Release No: IR-2003-25****TAX PROFESSIONALS CAN NOW E-FILE EMPLOYMENT TAX FORMS**

WASHINGTON _ Tax professionals are able to file employment taxes for business clients for the first time as part of a new Employment Tax e-filing System offered by the Internal Revenue Service.

The IRS expects the e-file upgrades will continue to reduce the paperwork burden on small businesses. The enhanced e-file system is part of a continuing effort to reduce barriers for small businesses to electronic filing.

"This e-file option will replace outdated technology that was a burden to both businesses and the IRS," said Acting IRS Commissioner Bob Wenzel. "It is the first in a series of products being modernized to expand e-file opportunities."

The IRS worked with small business taxpayers, software developers and tax professionals to determine the users' needs, and how to increase the volume of payroll returns filed electronically. Based on partner feedback, the IRS developed the system to promote the development of integrated software products. The result is e-file capability for the software product that a business or tax professional already uses to manage their payroll.

Key benefits of the new system are:

- More flexible filing – Forms 941 and 940 can be filed in a single transmission,
- More specific error conditions – New error conditions pinpoint the location of the error and provide complete information for each error identified,
- Faster acknowledgements – Transmissions are now processed upon receipt and acknowledgments are returned in near real-time,
- Integrated payment options – Eligible filers may submit a required payment along with their return, subject to limitations imposed by the Federal Tax Deposit Rules.

The Employment Tax program is the first Extensible Markup Language (XML) product that the IRS has delivered. The use of this standard gives the IRS the capability to easily expand the suite of tax returns that can be filed electronically. It also translates into cost savings and processing benefits for both businesses and the IRS through the use of commercial standards and best practices for information exchange.

E-filing of employment tax forms through the new Employment Tax e-file System is one of many new steps being taken by the IRS to remove the barriers to electronic transactions and reduce the burden on taxpayers.

-more-

Tax professionals prepare the vast majority of business tax returns, yet they could not electronically file the employment tax forms. Now tax professionals can assist businesses in filing employment tax forms.

More information about the new Employment Tax e-file System is available at www.irs.gov.

###