Authorized IRS *e-file* Providers of Individual Income Tax Returns



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Chapter 1 – Stay Informed

What's New in Publication 1345?

This edition of Publication 1345, Authorized IRS *e-file* Providers of Individual Income Tax Returns, replaces the previous edition revised November 2025.

- Updated National Institute of Standards and Technology (NIST) guidelines page 4
- Added paragraphs to the Software Developers section page 28
- As part of ongoing efforts to strengthen fraud detection and security across the e-file ecosystem, the IRS is implementing secure APIs, including real-time Electronic Filing Identification Number (EFIN) Validation and Vendor Control Number (VCN) Registration services.
- Updated to reflect the guidance in Executive Order 14247 stated in Chapter 3 page 10.
- Updated Debt indicator
- Updated Transmission requirements
- Updated Glossary for Debt Indicator
- Updated Three-Deposit limitation

Where to Get More Information?

The IRS offers Providers several sources of information for frequently asked questions.

Where can I find the most current information about IRS *e-file*?

Visit "Tax Pros."

How does the IRS keep Authorized IRS *e-file* Providers (Providers) informed of operational developments and issues?

The IRS posts all important operations information at IRS.gov.

The IRS also notifies Providers of important information via "QuickAlerts" *e-file* Messaging System and various other subscription services.

- QuickAlerts – Provides a free Online messaging system that sends emails to all subscribers, keeping Tax Professionals updated on all *e-file* related issues and events.
- IRS Newswire – Provides news releases and other documents via e-mail as the IRS National Media Relations Office in Washington, DC issues them.
- IRS Tax Tips – Provides tax information via e-mail from the IRS daily during the tax-filing season and periodically the rest of the year.
- Tax Stats Dispatch Mailing List – Provides announcements via e-mail which cover the most recent tax statistics.
- e-News for Small Businesses – Provides information about IRS Small Business and Self-Employed (SB/SE) outreach products and programs via e-mail.
- IRS GuideWire – Provides advance copies of tax guidance such as Revenue Rulings, Revenue Procedures, Announcements and Notices by e-mail.
- e-News for Tax Professionals – Provides the latest IRS updates for the tax professional community.

> **Note:** If viewing this publication on an IRS-networked computer, some links will not connect directly from this publication and will require you to copy and paste the URL into your browser.

Where can I find the current filing season information I need?

The IRS updates **Modernized *e-file* (MeF) program** information prior to each filing season.

If I get correspondence from the IRS, who can I call for more information?

All letters from the IRS have a contact telephone number to reach the person best able to help you with your questions.

Where can I find telephone numbers and addresses for other services provided by the IRS?

Providers may find addresses and telephone numbers for their clients at **Let Us Help You**.

What information should I give taxpayers so they can inquire about the status of their individual income tax refunds?

Taxpayers should be advised to check the status of their individual income tax refunds using **Where's My Refund?**

Where can I or my customers get information about electronic payment options?

Taxpayers and Tax Professionals can find information about electronic payment options at **Pay Online**.

How Do I Report Suspected Tax Fraud Activity?

If you suspect or know of an individual or company that isn't complying with the tax laws, see "**How Do You Report Suspected Tax Fraud Activity?**"

What if my software doesn't work, what should I do?

The IRS does not develop or sell tax preparation or electronic return data transmission software. If problems exist, Providers should contact the vendor who sold them the software or the technical support operation that comes with the software package.

Where can I get information about the IRS Nationwide Tax Forums?

This information can be found at **IRS Nationwide Tax Forum Information**.

Where can I get more information about filing both federal and state individual income tax returns?

Providers who are interested in filing both the federal and state individual income tax returns should reach out to the individual states "tax agencies" where they are interested in working. Those states will provide information on how to work together with them as part of participating in Fed/State e-file. Often the Provider offering comprehensive one-stop tax service is most successful. If a Provider isn't participating in the Fed/State e-file, it is missing a business opportunity to offer its clients and customers the benefits and convenience of filing both federal and state tax returns electronically.

Chapter 2 – Must Read

Publications for Individual Income Tax Returns

This publication, Publication 1345, Authorized IRS e-file Providers of Individual Income Tax Returns, provides rules and requirements for participation in IRS e-file of individual income tax returns and related forms and schedules. Violating a provision of this publication may subject the Authorized IRS e-file Provider (Provider) to sanctions. Providers should familiarize themselves with Revenue Procedure 2007-40, 2007-26 I.R.B. 1488 (or the latest update) and **Publication 3112**, **IRS e-file Application and Participation**, to ensure compliance with requirements for participation in IRS e-file. The IRS revises Publication 1345 annually.

- **Publication 4164**, **Modernized e-file (MeF) Guide for Software Developers and Transmitters**. This publication outlines the communication procedures, transmission formats, business rules and validation procedures for returns e-filed through the Modernized *e-file* (MeF) system.
- **Publication 4557**, **Safeguarding Taxpayer Data, A Guide for Your Business**. This publication provides helpful information on safeguarding taxpayer data including how to create a data security plan.
- **Publication 5708**, **Creating a Written Information Security Plan for Your Tax & Accounting Practice**. Publication 5708 will be used by Tax and Accounting practices for information on developing an Information Security Plan. The publication was developed during the Security Summit, jointly by private sector companies, State and local tax agencies and the IRS.

Safeguarding IRS *e-file*

Safeguarding of IRS *e-file* from fraud and abuse is the shared responsibility of the IRS and Authorized IRS *e-file* Providers. Providers must be diligent in recognizing and preventing fraud and abuse in IRS *e-file*. Neither the IRS nor Providers benefit when fraud or allegations of abuse tarnish the integrity and reputation of IRS *e-file*. Providers must report fraud and abuse to the IRS as indicated in the "**Where to Get More Information?**" section. Providers must also cooperate with IRS investigations by making available to the IRS, upon request, information and documents related to returns with potential fraud or abuse.

Safeguarding taxpayer data is a top priority for the IRS. It is the legal responsibility of government, businesses, organizations, and individuals that receive, maintain, process, share, transmit or store taxpayers' personal information. Taxpayer data is defined as any information that is obtained or used in the preparation of a tax return (e.g., income statements, notes taken in a meeting, or recorded conversations). Putting safeguards in place to protect taxpayer information helps prevent fraud and identity theft and enhances customer confidence and trust.

Protecting taxpayer data is required by law. Federal law gives the Federal Trade Commission (FTC) authority to set data safeguard regulations for various entities, including professional tax return preparers. According to the FTC Safeguards Rule in Part 314 (16 C.F.R.), tax return preparers must create and enact security plans to protect client data. Failure to do so may result in a FTC investigation.

The FTC also works to protect taxpayer data. Providers subject to the Gramm-Leach-Bliley Act must follow the FTC's Financial Privacy and Safeguard Rules. The Safeguards Rule requires the protection of the security, confidentiality and integrity of customer information by implementing and maintaining a comprehensive information security program. The program must include administrative, technical, and physical safeguards appropriate to the business's size, the nature and scope of its activities, and the sensitivity of the customer information at issue.

Here are a few basic security steps:

- Recognize phishing emails
- Create a data security plan
- Review internal controls
- Report any data theft or loss
- Implement multi-factor authentication for anyone accessing taxpayer information. This is required under FTC Safeguards Rule Part 314, (16 C.F.R).

All persons and entities who receive taxpayers personal information can use **Publication 4557**, **Safeguarding Taxpayer Data, A Guide for Your Business**, to help determine their data privacy and security needs and implement safeguards to protect the information. Publication 4557 includes information about security standards and best practice guidelines to safeguard consumer information such as personal tax data, with links to several resources including National Institute of Standards and Technology (NIST) publications. Not taking necessary steps to implement or correct your security program may result in sanctions from the FTC. Failures that lead to an unauthorized disclosure may subject you to penalties under sections 7216 and/or 6713 of the Internal Revenue Code (I.R.C.).

At a minimum, providers must require taxpayer's who have established an online account to validate access to a second factor (email, phone or other secure authenticator) before being permitted to electronically transmit their tax return to the IRS. For a taxpayer creating a new account, this requires validation of the phone number, email, or other secure authenticator prior to electronically submitting a tax return. For a taxpayer logging back into an existing account, this requires multi-factor authentication of the taxpayer prior to granting access to tax data stored within the account. Multi-factor authentication requires the use of at least two of these authentication factors: a knowledge factor (for example, a password); a possession factor (for example, a token); and an inherence factor (for example, biometric). It is strongly recommended that software providers follow NIST guidelines and require an out-of-band factor from a physical device that is uniquely addressable and communicate securely that is possessed and controlled by the claimant (for example, telephone using a SIM card, wired connection provided by cable provider).

NIST guidelines also stipulate email shall not be used for out-of-band authentication because it may be vulnerable to:

- access using only a password
- interception in transit or at intermediate mail services
- rerouting attacks, such as those caused by Domain Name System (DNS) spoofing

Providers appoint an individual as a Responsible Official who is responsible for ensuring the firm meets IRS *e-file* rules and requirements. Providers with problems involving fraud and abuse may be suspended or expelled from participation in IRS *e-file*, be assessed preparer and other civil penalties or be subject to legal action.

IRS *e-file* Security, Privacy and Business Standards

The IRS has mandated six security, privacy, and business standards to supplement the Gramm-Leach-Bliley Act to better serve taxpayers and protect their information collected, processed and stored by Online Providers of individual income tax returns. The first five standards continue to apply to Online Providers, while Standard number six, "Reporting of Security Incidents," is now mandated for all Providers.

Individual income tax returns refer to the 1040 family of returns. Refer to the **IRS Publication 3112**, **IRS e-file Application and Participation**, for definition of Online Provider.

The security and privacy objectives of these standards are:

- Setting minimum encryption standards for transmission of taxpayer information over the internet and authentication of website owner/operator's identity beyond that offered by standard version SSL certificates.
- Periodic external vulnerability scan of the taxpayer data environment.
- Protection against bulk-filing of fraudulent income tax returns.
- The ability to timely isolate and investigate potentially compromised taxpayer information.

These standards also address certain business and customer service objectives, such as instant payment options, access to website owner/operator's contact information, and Online Provider's written commitment to maintaining physical, electronic, and procedural safeguards of taxpayer information that comply with applicable law and federal standards.

- **Extended Validation SSL Certificate**
  Online Providers of individual income tax returns must have a valid and current Extended Validation Secure Socket Layer (SSL) certificate using TLS 1.2 or later and minimum 2048-bit RSA/128-bit AES.
- **External Vulnerability Scan**
  Online Providers of individual income tax returns must contract with an independent third-party vendor to run weekly external network vulnerability scans of all their "system components" in accordance with the applicable requirements of the **Payment Card Industry Data Security Standards (PCIDSS)**. All scans must be performed by a scanning vendor certified by the **Payment Card Industry Security Standards Council** and listed on their current list of **Approved Scanning Vendors (ASV)**. In addition, Online Providers of individual income tax returns whose systems are hosted must ensure that their host complies with all applicable requirements of the **PCIDSS**.

  For the purposes of this standard, "system components" is defined as any network component, server, or application that is included in or connected to the taxpayer data environment. The taxpayer data environment is that part of the network that has taxpayer data or sensitive authentication data.

  If scan reports reveal vulnerabilities, action must be taken to address the vulnerabilities in line with the scan report's recommendations. Retain weekly scan reports for at least one year. The ASV and the host (if present) must be in the United States.

- **Information Privacy and Safeguard Policies**
  This standard applies to Authorized IRS *e-file* Providers participating in Online Filing of individual income tax returns that own or operate a website through which taxpayer information is collected, transmitted, processed or stored. These Providers must have a written information privacy and safeguard policy consistent with the applicable government and industry guidelines and including the following statement: "we maintain physical, electronic and procedural safeguards that comply with applicable law and federal standards."

  In addition, Providers' compliance with these policies must be certified by a **privacy seal vendor** acceptable to the IRS.

- **Protection Against Bulk Filing of Fraudulent Income Tax Returns**
  This standard applies to Online Providers of individual income tax returns that own or operate a website through which taxpayer information is collected, transmitted, processed or stored. These Online Providers

must implement effective technologies to protect their website against bulk filing of fraudulent income tax returns. Taxpayer information must not be collected, transmitted, processed or stored otherwise.

- **Public Domain Name Registration**
  This standard applies to Online Providers of individual income tax returns that own or operate a website through which taxpayer information is collected, transmitted, processed or stored. These Online Providers must have their website's domain name registered with a domain name registrar that is in the United States and accredited by the **Internet Corporation for Assigned Names and Numbers (ICANN)**. The domain name must be locked and not be private.
- **Reporting of Security Incidents**
  Authorized IRS *e-file* Providers of individual income tax returns must report security incidents to the IRS as soon as possible but not later than the next business day after confirmation of the incident. For the purposes of this standard, an event that can result in an unauthorized disclosure, misuse, modification, or destruction of taxpayer information (e.g., breach) must be considered a reportable security incident.

  Providers with multiple roles must follow instructions for submitting incident reports at "**Instructions for Reporting Security Incidents**."

  Those that are EROs only must contact their local stakeholder liaison by following the instructions at "**Data Theft Information for Tax Professionals**."

  In addition, if the Provider's website is the cause of the incident, the Provider must cease collecting taxpayer information via their website immediately upon detection of the incident and until the underlying causes of the incident are successfully resolved.

Returns Filed Using IRS *e-file*

A return filed using IRS *e-file* may be a composite of electronically transmitted data and certain paper documents or be completely paperless. The paper portion of a composite return may consist of **Form 8453**, **U.S. Individual Income Tax Transmittal for an IRS *e-file* Return**, and other paper documents that cannot be electronically transmitted are attached to the form and mailed to the IRS (See **Submitting the Electronic Return to the IRS**).

Filing individual income tax returns using IRS *e-file* is limited to tax returns with prescribed due dates in the current year and two previous years. A taxpayer can electronically file an individual income tax return year-round except for a short cutover period at the end of the calendar year.

If Providers submit state individual income tax returns as part of Federal/State e-file, state returns become a part of the electronically transmitted data. States often require the submission of paper documents to complete the return, but they are separate from paper documents for federal returns. Providers should process state paper documents according to applicable state rules.

Returns Not Eligible for IRS *e-file*

The following individual income tax returns and related return conditions cannot be processed using IRS *e-file*:

- Tax returns with fiscal year tax periods;
- Returns with forms or schedules that can't be processed by IRS *e-file*;
- Tax returns with Taxpayer Identification Numbers (TIN) within the range of 900-00-0000 through 999-99-9999. Exception: Adoption Taxpayer Identification Numbers (ATIN) and Individual Taxpayer Identification Numbers (ITIN) may fall within the range above. Valid ATINs have the digits 93 in the fourth and fifth positions. Valid ITINs have digits within a range of 50 through 65, 70 through 88, 90 through 92 and 94 through 99 in the fourth and fifth positions. See "Verifying Taxpayer Identity and Taxpayer Identification Numbers (TINs)" for more information on ATINs and TINs; and

- Tax returns that the IRS cannot electronically process because the returns have rare or unusual processing conditions or that exceed the specifications for returns allowable in IRS *e-file*. These conditions change from year to year. The software should alert Providers to these conditions when they occur. If Providers transmit electronic return data with one of these conditions to the IRS, the transmission rejects, and the taxpayer may have to file the tax return on paper. The software package documentation or the software's support program should provide information that is more specific.

Submitting a Timely Filed Electronic Tax Return

All prescribed due dates for filing of returns apply to e-file returns. All Providers must ensure that returns are promptly processed. A Provider that receives a return for electronic filing on or before the due date of the return (including extensions) must ensure that it transmits the electronic part of the return on or before the due date. An electronically filed return isn't considered filed until the IRS acknowledges acceptance of the electronic part of the tax return for processing. The IRS accepts individual income tax returns electronically only if the taxpayer signs the return using a Personal Identification Number (PIN). If Providers transmit the electronic portion of a return on or shortly before the due date and the IRS ultimately rejects it, but the Provider and the taxpayer comply with the requirements for timely resubmission of a correct return, the IRS considers the return timely filed. For additional information about the filing of a return through IRS *e-file*, see "**Submitting the Electronic Return to the IRS**."

Transmitters may provide electronic postmarks to taxpayers for individual returns if the Transmitters follow the requirements stated in "**Chapter 4 – Transmission**." The receipt of an electronic postmark provides taxpayers with confidence that they have filed their return timely. The date of the electronic postmark is considered the date of filing when the date of electronic postmark is on or before the prescribed due date and the return is received by the IRS after the prescribed due date for filing. All requirements for signing the return and completing a paper declaration, if required, as well as for timely resubmitting of a rejected timely filed return, must be adhered to for the electronic postmark to be considered the date of filing.

Federal/State *e-file*

Federal/State e-file is a cooperative tax filing effort between the IRS and most states, which allows Providers to file federal and state returns electronically to IRS. The state return can be sent linked to the federal return (by including the Submission ID of the federal return in the state submission), or it can be sent unlinked (standalone). On linked returns, the federal return must be accepted before the linked state return can be filed. In addition to accepting federal and state individual income tax returns electronically in a single transmission, state-only returns are also accepted if the return:

- was previously rejected by the state;
- is originated separately from the federal return;
- is a part-year residency return;
- is a non-resident state return; or
- is a married filing separately state return, but the federal return was filed jointly.

The IRS provides state acknowledgment services. Participating states can send their acknowledgment to the IRS for Transmitters to pick up when they pick up their federal acknowledgment.

Adding Federal/State e-file to a Provider's business is like the process it went through to become a Provider. Refer to **Publication 3112, IRS *e-file* Application and Participation**, for further details. Also, the Provider should contact the state coordinators for the state programs in which it participates for further explanation of state rules and requirements.

Chapter 3 – Electronic Return Origination

Obtaining, Handling and Processing Return Information from Taxpayers

An Electronic Return Originator (ERO) begins the process of electronic submission of returns it either prepares or collects from taxpayers who want to e-file their returns. An ERO starts the electronic submission of a return after the taxpayer authorizes the filing of the return via IRS *e-file*. The ERO must have either prepared the return or collected it from a taxpayer or another authorized ERO. An ERO begins the electronic submission by:

- electronically sending the return to a Transmitter that transmits the return to the IRS;
- directly transmitting the return to the IRS (must also have a Transmitter role); or,
- providing a return to an Intermediate Service Provider for processing prior to transmission to the IRS.

The ERO must always identify the paid tax return preparer (if any) in the proper field of the electronic record of returns. The ERO must enter the paid preparer's identifying information (name, address, Employer Identification Number (EIN), when applicable, and Preparer Tax Identification Number (PTIN)) EROs may either transmit returns directly to the IRS or arrange with another Provider to transmit the electronic return to the IRS.

A Provider, including an ERO, may disclose tax return information to other Providers relating to e-filing a tax return under Treas. Reg. §301.7216-2(d)(1) without obtaining the taxpayer's consent. For example, an ERO may pass on return information to an Intermediate Service Provider or a Transmitter for the purpose of having an electronic return formatted or transmitted to the IRS.

An ERO that chooses to originate returns that it has not prepared, but only collected, becomes a tax return preparer of the returns when, as a result of entering the data, it discovers errors that require substantive changes and then makes the changes. A non-substantive change is a correction limited to a transposition error, misplaced entry, spelling error or arithmetic correction. The IRS considers all other changes substantive, and the ERO becomes a tax return preparer. As such, the ERO must sign the tax return as a tax return preparer.

Safeguarding IRS *e-file* From Fraud and Abuse

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*. While all Providers must be on the lookout for fraud and abuse in IRS *e-file*, EROs must be particularly diligent while acting in their capacity as the first contact with taxpayers filing a return. An ERO must be diligent in recognizing fraud and abuse, reporting it to the IRS and preventing it when possible. This includes not submitting returns to the IRS when there is a high likelihood the return is related to identity theft refund fraud. Providers must cooperate with IRS investigations by making available to the IRS, upon request, information and documents related to returns with potential fraud or abuse.

Indicators of abusive or fraudulent returns may be unsatisfactory responses to filing status questions, multiple returns with the same address, and missing or incomplete Schedules A and C income and expense documentation. A "fraudulent return" includes a return in which the individual is attempting to file using someone else's name or SSN on the return or the taxpayer is presenting documents or information that have no basis in fact. A potentially abusive return is a return that the taxpayer is required to file but contains inaccurate information that may lead to an understatement of a liability or the overstatement of a credit resulting in a refund to which the taxpayer may not be entitled.

An ERO that is also a tax return preparer should exercise due diligence in the preparation of returns involving the Earned Income Tax Credit (EITC), as it is a popular target for fraud and abuse. Section 6695(g) of the Internal Revenue Code requires paid preparers to exercise due diligence in the preparation of returns claiming the head of household filing status or certain credits including the EITC. Paid preparers must complete all required worksheets and meet all record keeping requirements.

Verifying Taxpayer Identity and Taxpayer Identification Numbers (TINs)

To safeguard IRS *e-file* from fraud and abuse, an ERO should confirm identities and SSNs, Adoption Taxpayer Identification Numbers (ATINs) and Individual Taxpayer Identification Numbers (ITINs) of taxpayers, spouses and dependents listed on returns prepared by its firm. To prevent filing returns with stolen identities, an ERO should ask taxpayers not known to them to provide two forms of identification (photo IDs are preferable) that include the taxpayer's name and current or recent address. Also, seeing Social Security cards, ITIN letters and other documents for taxpayers, spouses and dependents avoids including incorrect TINs on returns. Providers should take care to ensure that they transcribe all TINs correctly.

The TIN entered in Form W-2, Wage and Tax Statement, in the electronic return record must be identical to the TIN on the version provided by the taxpayer. The TIN on Form W-2 should be identical to the TIN on the electronic return unless otherwise allowed by the IRS. The IRS requires taxpayers filing tax returns using an ITIN to include the TIN, usually a SSN, shown on Form W-2 from the employer in the electronic record of the Form W-2. This may create an identification number (ITIN/SSN) mismatch as taxpayers must use their correct ITIN as their identifying number in the individual income tax return. The IRS *e-file* system can accept returns with this identification number mismatch. EROs should enter the TIN/SSN in the electronic record of the Form W-2 provided to them by taxpayers. Software must require the manual key entry of the TIN as it appears on Form W-2 reporting wages for taxpayers with ITINs. EROs should ascertain that the software they use does not auto-populate the ITIN in the Form W-2 and if necessary, replace the ITIN with the SSN on the Form W-2 the taxpayer provided.

Incorrect TINs, using the same TIN on more than one return or associating the wrong name with a TIN are some of the most common causes of rejected returns (see "**Acknowledgments of Transmitted Return Data**").

Additionally, Name Control and TINs identify taxpayers, spouses and dependents. A Name Control is the first four significant letters of an individual taxpayer's last name or a business name as recorded by the Social Security Administration (SSA) or the IRS. Having the wrong Name Control in the electronic return record for a taxpayer's TIN contributes to a large portion of TIN related rejects. The most common example for a return rejecting due to a mismatch between a taxpayer's TIN and Name Control involves newly married taxpayers. Typically, the taxpayer may file using a correct SSN along with the name used in the marriage, but the taxpayer has failed to update the records with the SSA to reflect a name change. To minimize TIN related rejects, it is important to verify taxpayer TINs and Name Control information prior to submitting electronic return data to the IRS.

Be Aware of Non-Standard Information Returns and Documents

The IRS has identified questionable Forms W-2 as a key indicator of potentially abusive and fraudulent returns. Be on the lookout for suspicious or altered Forms W-2, W-2G, 1099-R and forged or fabricated documents. EROs must always enter the non-standard form code in the electronic record of individual income tax returns for Forms W-2, W-2G or 1099-R that are altered, handwritten or typed. An alteration includes any pen-and-ink change. Providers must never alter the information after the taxpayer has given the forms to them.

Providers should report questionable Forms W-2 if they see or become aware of them.

Be Careful with Addresses

Addresses on Forms W-2, W-2G or 1099-R; Schedule C; or on other tax forms supplied by the taxpayer that differ from the taxpayer's current address must be input into the electronic record of the return. Providers must input addresses that differ from the taxpayer's current address even if the addresses are old or if the taxpayer has moved. EROs should inform taxpayers that, when the return is processed, the IRS uses the address on the first page of the return to update the taxpayer's address of record. The IRS uses a taxpayer's address of record for various notices that it is required to send to a taxpayer's "last known address" under the Internal Revenue Code and for refunds of overpayments of tax (unless otherwise specifically directed by taxpayers, such as by Direct Deposit).

Providers must never put their address in fields reserved for taxpayers' addresses in the electronic return record or on Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return. The only exceptions are if the Provider is the taxpayer or the power of attorney for the taxpayer for the tax return.

Avoiding Refund Delays

EROs should advise taxpayers that they can avoid refund delays by having all their taxes and obligations, such as child support and student loan debt, paid, providing current and correct information to the ERO, ensuring that all bank account information is up to date, ensuring that their Social Security Administration records are current and carefully checking their tax return information before signing the return.

EROs can do many things for clients and customers to avoid rejects and refund delays. Here are some suggestions:

- Require documentation of social security and other identification numbers and associated names for all taxpayers and dependents;
- Exercise care in the entry of tax return data into tax return preparation software and carefully check the tax return information before signing the tax return;
- Confirm that any ITINs reported on the return haven't expired due to non-use or under the announced IRS schedule;
- Review information provided and don't submit returns claiming false items on tax returns or present altered or suspicious documents;
- Ask taxpayers if there were problems with last year's refund; if so, see if the conditions that caused the problems have been corrected or can be avoided this year;
- Track client issues that result in refund delays and analyze for common problems; counsel taxpayers on ways to address these problems.

Refund Returns

The Treasury must stop issuing paper checks effective Sept. 30, 2025, to the extent permitted by law. The federal government must continue to issue certified payments in some limited circumstances and will issue a limited number of paper checks in cases where no alternative is available. Otherwise, the IRS generally stopped issuing paper refund checks for individual taxpayers after Sept. 30, 2025.

Providers must not direct the payment (or accept payment) of any monies issued to a taxpayer client by the government in respect of a Federal tax liability to the Provider or any firm or entity with which the Provider is associated. The IRS may sanction Providers and individuals who direct or accept such payment.

When filing and/or printing a paper return, Software Developers are being asked to default the "Routing Transit and Account Numbers" in the software packages on Forms 1040/1040SR/1040NR/1040SS, with all capital X's, when taxpayers choose not to have their refund directly deposited. These fields should never be blank on paper filed returns.

Direct Deposit of Refunds

Taxpayers often elect the Direct Deposit option because it is the fastest way of receiving refunds. Providers must accept any Direct Deposit election to qualified accounts in the taxpayer's name at any eligible financial institution designated by the taxpayer. Amended Forms 1040 and 1040-SR Returns (with attached 1040-X) resulting in a refund are not yet eligible for direct deposits. Qualified accounts include savings, checking, share draft or consumer asset accounts (for example, IRA or money market accounts). Taxpayers should not request a deposit of their refund to an account that isn't in their own name (such as their tax return preparer's own account). The taxpayer may not designate refunds for Direct Deposit to credit card accounts.

Qualified accounts are accounts held by financial institutions within the United States and established primarily for personal, family or household purposes. Qualifying institutions may be national banks, state

banks (including the District of Columbia and political sub-divisions of the 50 states), savings and loan associations, mutual savings banks and credit unions.

By completing **Form 8888**, **Allocation of Refund,** the taxpayer may split refunds between up to three qualified accounts. A qualified account can be a checking, savings or other account such as an individual retirement arrangement (IRA), health savings account (HSA), Archer MSA or Coverdell education savings account (ESA). For example, a taxpayer expecting a refund of $400 may choose to deposit $150 into a checking account, $150 into a savings account and $100 into an IRA account. Taxpayers may choose the refund splitting option regardless of which Form 1040 series tax form they file.

Providers should caution taxpayers that some financial institutions do not permit the deposit of tax refunds into an account opened in someone else's name, the deposit of joint individual income tax refunds into individual accounts or the deposit of tax refunds into checking or share draft accounts that are "payable through" another institution. Taxpayers should verify their financial institution's Direct Deposit policy before they elect the Direct Deposit option. The IRS isn't responsible if the financial institution refuses Direct Deposit for this reason.

Taxpayers who choose Direct Deposit must provide Providers with account numbers and routing transit numbers for qualified accounts. The IRS tax return instructions show how to find and identify these numbers. The taxpayer can best obtain this information from official financial institution records, account cards, checks or share drafts that contain the taxpayer's name and address. The sole exception involves accounts specifically created to receive refunds that repay refund products offered by financial institutions. In those cases, Providers may supply the identifying account data.

To combat fraud and identity theft, The number of refunds that can be directly deposited to a single account or prepaid debit card is no longer limited to three a year. As a reminder, you should not request a deposit of your refund to an account that isn't your own name (such as your tax return preparer's own account).

Providers with repeat customers or clients should check to see if taxpayers have new accounts. Some software stores prior year's information and reuses it unless it is changed. If account information isn't current, taxpayers do not receive Direct Deposit of their refunds.

Providers must advise taxpayers that they can't cancel a Direct Deposit election or make changes to routing transit numbers of financial institutions or to their account numbers after the IRS has accepted the return. Providers must not alter the Direct Deposit information in the electronic record after taxpayers have signed the tax return.

> **Note:** Providers must never charge a separate fee for Direct Deposit.

Refunds that are not direct deposited because of institutional refusal, wrong account or routing transit numbers, closed accounts, bank mergers or any other reason are issued as paper checks, resulting in refund delays of up to ten weeks. While the IRS ordinarily processes a request for Direct Deposit, it reserves the right to issue a paper check and does not guarantee a specific date for deposit of the refund into the taxpayer's account.

Treasury's Bureau of the Fiscal Service issues federal income tax refunds. Neither the IRS nor Fiscal Service is responsible for the misapplication of a Direct Deposit that results from error, negligence or malfeasance on the part of the taxpayer, the Provider, financial institution or any of their agents.

Payment Options for Taxpayers

Taxpayers who owe additional tax must pay the taxes they owe by the original due date of the return or be subject to interest and penalties. An extension of time to file may be filed electronically by the original return due date, but it is an extension of time to file the return, not an extension of time to pay. Providers should inform taxpayers of their obligations and options for paying balances due. Taxpayers have several options when paying taxes.

Electronic Funds Withdrawal

Taxpayers can e-file and, at the same time, authorize an electronic funds withdrawal (EFW). Taxpayers who choose this option must provide account numbers and routing transit numbers for qualified savings, checking or share draft accounts to the Provider. The IRS tax return instructions describe how to find and identify these numbers. Providers should encourage their clients to confirm their account numbers and routing transit numbers with their financial institution. If a financial institution is unable to locate or match the numbers entered in a payment record with account information they have on file for a given taxpayer, they reject (return) the direct debit request.

Providers should caution taxpayers to ensure, before they e-file, that their financial institution allows EFW requests from the designated account. Some credit unions do not allow direct debits from share accounts.

Taxpayers can schedule a payment for withdrawal on a future date. Scheduled payments must be effective on or before the return due date. For example, the Provider may transmit an individual income tax return in March and the taxpayer can specify that the withdrawal be made on any day on or before the return due date. The taxpayer does not have to remember to do anything later. For returns transmitted after the due date, the payment date must be the same as the date the Provider transmitted the return. The taxpayer must authorize EFW payments by completion of a payment record at the time the balance due return or other form is e-filed.

Taxpayers can make payments by EFW for the following:

- Current year – Form 1040 series return.
- **Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return**.
- **Form 2350, Application for Extension of Time to File U.S. Income Tax Return**
- **Form 1040-ES, Estimated Tax for Individuals**. Taxpayers can make up to four advance quarterly estimated tax payments at the same time that they electronically file the Form 1040 series return. For example, four Form 1040-ES quarterly tax payments for tax year 2025 may be submitted with the electronic filing of the taxpayer's tax return for tax year 2024.

Providers should be careful to ensure that all the information needed for the EFW request is included with the return. The payment record must include the following:

- Routing Transit Number (RTN);
- Bank account number;
- Type of account (checking or savings);
- Requested payment date (i.e., YYYYMMDD); and
- Amount of tax payment for balance due payments sent after the due date; this amount may include interest and penalty payment.

If taxpayers do not provide all the needed information, Providers must contact the taxpayers. If the Provider is unsuccessful in obtaining or transmitting the EFW information, but the return is otherwise complete, the Provider should proceed with the origination of the electronic return data to the IRS. The Provider must inform their clients that they need to make other arrangements to pay the balance due and/or estimated payments. See below for other payment options.

IRS Direct Pay

With this secure online service, taxpayers can pay their individual tax bill or estimated tax payments directly from their checking or savings account at no cost. They will receive instant confirmation after they submit their payment.

Taxpayers can make payments with IRS Direct Pay for the following:

- Current and prior year Form 1040 series returns
- Installment agreements
- Form 1040–ES (estimated tax for individuals)
- Form 4868 (extension payments)

More options are available at **IRS.gov/payments**.

Credit or Debit Card Payments

Taxpayers can make credit or debit card payments when e-filing or separately online or by phone.

- Integrated e-file and e-pay: Taxpayers can e-file and pay their balance at the same time by debit or credit card if the tax software used includes this option. The software prompts taxpayers to enter the necessary card information. The service provider charges taxpayer convenience fees based on the amount of the tax payment and informs them of these fees before taxpayers authorize the payments.
- Online by Phone: Taxpayers may pay online at **IRS.gov/payments** or by phone, credit or ATM/debit card (American Express® Card, Discover® Card, MasterCard® or Visa® card) and NYCE®, PULSE® or STAR® logos. This service is available through credit card service providers. The service provider charges a convenience fee based on the amount of the tax payment. The software informs taxpayers of this fee during the transaction, and they can choose to end the transaction before the payment is completed and confirmed. The software provides a confirmation number at the end of the transaction. EROs should inform taxpayers of this option and tell them that fees may vary between service providers.

Further detailed information on payment options is available on **IRS.gov/payments**.

Electronic Federal Tax Payment System (EFTPS)

Individual taxpayers, who make more than one tax payment per year, particularly installment or Form 1040 estimated payments, find EFTPS very convenient. Taxpayers can enroll in EFTPS via the Internet at EFTPS.gov or by completing **Form 14781**, **Electronic Federal Tax Payment System Individual Enrollment**, and mailing it to the EFTPS Enrollment Center. After EFTPS processes the enrollment, taxpayers receive two separate mailings. One is a Confirmation/Update Form. The other is a letter that includes the taxpayers' Enrollment Trace Number, Personal Identification Number (PIN) and instructions on how to obtain an Internet Password. Once taxpayers receive the PINs, they may begin making payments by phone. After the taxpayers obtain their Internet Password, they may begin making payments via the Internet. With EFTPS, taxpayers only need to enroll once to make a payment by both telephone and the Internet as the payment methods are interchangeable. Payments can be made 24/7; however, taxpayers must submit their tax payment instructions to EFTPS before 8:00 p.m. ET at least one calendar day prior to the tax due date. Taxpayers can schedule individual tax payments up to 365 days in advance.

Pay with Cash

For taxpayers who are unbanked there is a cash option. Individuals wishing to take advantage of this payment option should visit the **IRS.gov/payments** page, select the **cash** option in the other ways you can pay section and follow the instructions.

Pay by Check or Money Order

Taxpayers may pay the balance due by mailing a check accompanied by **Form 1040-V**, **Payment Voucher**. Providers must supply Form 1040-V to taxpayers, if needed, and help them identify the correct mailing address from the chart on the back of the form. Taxpayers do not have to mail these vouchers at the same time the Provider transmits the electronic return. For example, the return may be transmitted in January and the taxpayer may mail the payment and voucher at any time on or before the return due date. Further detailed information on paying by check or money order is available on the **IRS.gov/payments** page by selecting the **check or money order** option in the other ways you can pay section.

Installment Agreement

Taxpayers who can't pay the amount they owe for Form 1040 series returns and owe $50,000 or less in combined taxes, interest and penalties may use the **Online Payment Agreement (OPA)** application to request a payment plan (installment agreement). Authorized representatives with a power of attorney may use OPA on the taxpayer's behalf. OPA will result in immediate notification of whether the payment plan is approved. Alternatively, they can submit **Form 9465**, **Installment Agreement Request**, to the IRS by mail. The Provider can transmit Form 9465 electronically (if supported by software) with the taxpayer's electronic return data, or the form may be submitted later by mail. It may take 30 days or more for a response to Form 9465, regardless of how it is submitted. If the installment agreement is accepted, the IRS charges a user fee, which may be waived or reimbursed for low-income taxpayers. Taxpayers who apply through OPA are charged a lower user fee, and an even lower user fee if they use the direct debit payment option.

Signing an Electronic Tax Return

As with an income tax return submitted to the IRS on paper, the taxpayer and paid tax return preparer (if applicable) must sign an electronic income tax return. Taxpayers must sign individual income tax returns electronically. There are currently two methods for signing individual income tax returns electronically (see **Electronic Signature Methods**).

Taxpayers must sign and date the Declaration of Taxpayer to authorize the origination of the electronic submission of the return to the IRS prior to the transmission of the return to IRS. The Declaration of Taxpayer includes the taxpayers' declaration under penalties of perjury that the return is true, correct and complete, as well as the taxpayers' Consent to Disclosure. The Consent to Disclosure authorizes the IRS to disclose information to the taxpayers' Providers. Taxpayers authorize Intermediate Service Providers, Transmitters and EROs to receive from the IRS an acknowledgment of receipt or reason for rejection of the electronic return, the reason for any delay in processing the return or refund and the date of the refund.

Taxpayers must sign a new declaration if the electronic return data on individual income tax returns is changed after taxpayers signed the Declaration of Taxpayer and the amounts differ by more than either (i) $50 to "Total income" or "AGI," or (ii) $14 to "Total tax," "Federal income tax withheld," "Refund" or "Amount you owe."

Electronic Signature Methods

There are two methods of signing individual income tax returns with an electronic signature available for use by taxpayers. Both the Self-Select PIN and Practitioner PIN methods allow taxpayers to use a Personal Identification Number (PIN) to sign the return and the Declaration of Taxpayer.

The Self-Select PIN method requires taxpayers to provide their prior year Adjusted Gross Income (AGI) amount or prior year PIN for use by the IRS to authenticate the taxpayers. EROs should encourage taxpayers who do not have their original prior year AGI or PIN to call IRS Tax Help at 800-829-1040.

This method may be completely paperless if the taxpayers enter their own PINs directly into the electronic return record using keystrokes after reviewing the completed return. Taxpayers may also authorize EROs to enter PINs on their behalf, in which case the taxpayers must review and sign a completed signature authorization form after reviewing the return. Also see **IRS e-file Signature Authorization (Forms 8878 and 8879)**.

The Practitioner PIN method does not require the taxpayer to provide their prior year AGI amount or prior year PIN. Instead, taxpayers must always sign a completed signature authorization form (see **IRS e-file Signature Authorization (Forms 8878 and 8879)**). Taxpayers who use the Practitioner PIN method must sign the signature authorization form even if they enter their own PINs in the electronic return record using keystrokes after reviewing the completed return.

Regardless of the method of electronic signature used, taxpayers may enter their own PINs; EROs may select and enter the taxpayers' PINs; or the software may generate the taxpayers' PINs in the electronic return. After reviewing the return, the taxpayers must agree by signing an IRS *e-file* Signature Authorization containing the PIN.

The following taxpayers are ineligible to sign individual income tax returns with an electronic signature using the Self-Select PIN:

- Primary taxpayers under age sixteen who have never filed; and
- Secondary taxpayers under age sixteen who didn't file the prior tax year.

EROs should recommend that taxpayers keep a copy of their completed tax return to assist with authentication in the subsequent year.

IRS *e-file* Signature Authorization (Forms 8878 and 8879)

Anytime an ERO enters the taxpayer's PIN on the electronic return, the ERO must, prior to submission of the return, complete an IRS *e-file* Signature Authorization form which must be signed by the taxpayer. **Form 8879**, **IRS *e-file* Signature Authorization**, authorizes an ERO to enter taxpayers' PINs on individual income tax returns and **Form 8878**, **IRS *e-file* Authorization for Form 4868 or Form 2350**, authorizes an ERO to enter taxpayers' PINs on Form 1040 extension forms. The ERO must keep Forms 8878 and 8879 for three years from the return due date or the IRS received date, whichever is later. EROs must not send Forms 8878 and 8879 to the IRS unless the IRS requests they do so.

> **Note:** Form 8878 is only needed for Forms 4868 when taxpayers are authorizing an electronic funds withdrawal and want an ERO to enter their PINs.

The ERO may enter the taxpayers' PINs in the electronic return record before the taxpayers sign Form 8878 or 8879, but the taxpayers must sign and date the appropriate form before the ERO originates the electronic submission of the return (or extension form). The taxpayer must sign and date the Form 8878 or Form 8879 after reviewing the return and ensuring the tax return information on the form matches the information on the return. The taxpayer may return the completed Form 8878 or Form 8879 to the ERO by hand delivery, U.S. mail, private delivery service, fax, email or an Internet website.

Only taxpayers who provide a completed tax return to an ERO for electronic filing may sign the IRS *e-file* Signature Authorization without reviewing the return originated by the ERO. The ERO must enter the line items from the paper return on the applicable Form 8878 or Form 8879 prior to the taxpayers signing and dating the form. The ERO may use these pre-signed authorizations as authority to input the taxpayer's PIN only if the information on the electronic version of the tax return agrees with the entries from the paper return.

Electronic Signature Guidance for Forms 8878 and 8879

Taxpayers have the choice of using electronic signatures for Forms 8878 and 8879 if the software provides the electronic signature capability. If taxpayers use an electronic signature, the software and the Electronic Return Originator (ERO) must meet certain requirements for verifying the taxpayer's identity.

Electronic signatures appear in many forms and may be created by many different technologies. No specific technology is required. Examples of currently acceptable electronic signature methods include:

- A handwritten signature input onto an electronic signature pad.
- A handwritten signature, mark or command input on a display screen by a stylus device.

- A digitized image of a handwritten signature that is attached to an electronic record.
- A typed name (e.g., typed at the end of an electronic record or typed into a signature block on a website form by a signer).
- A shared secret (e.g., a secret code, password or PIN) used by a person to sign the electronic record.
- A digital signature.
- A mark captured as a scalable graphic.

The software must record the following data:

- 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 passed results of knowledge-based authentication, 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.

Note: The ERO must provide this information to the IRS upon request.

Digital Identity Verification Requirements

The electronic signing process must be associated with a person, and accordingly, ensuring the validity of any electronically signed record begins with identification and authentication of the taxpayer. The electronic signature process must be able to generate evidence of the person the electronic form of signature belongs to, as well as generate evidence that the identified person is associated with the electronic record.

If there is more than one taxpayer for the electronic record, the electronic signature process must be designed to separately identify and authenticate each taxpayer.

The identity verification requirements must be in accordance with National Institute of Standards and Technology, Special Publication 800-63-4, Digital Identity Guidelines.

Electronic Signature Via In-Person Transaction

An in-person transaction for electronic signature is one in which the taxpayer is electronically signing the form and the ERO is physically present with the taxpayer. The ERO must confirm the taxpayer's identity for in-person transactions unless there is a multi-year business relationship. A multi-year business relationship is one in which the ERO has originated tax returns for the taxpayer for a prior tax year and has identified the taxpayer using the identity verification process described below.

For in-person transactions, the ERO must inspect a valid government photo identification; compare photo to the taxpayer and record the name, social security number, address and date of birth. Examples of government photo identification (ID) include a driver's license, employer ID, school ID, state ID, military ID, national ID, voter ID, visa or passport.

Verify that the name, social security number or Individual Taxpayer Identification Number (ITIN), address, date of birth and other personal information on record are consistent with the information provided through record checks with the applicable agency or institution or through credit bureaus or similar databases. For in-person transactions, the identity verification through a record check is optional.

Electronic Signature Via Remote Transaction

A remote transaction for electronic signature is one in which the taxpayer is electronically signing the form and the ERO isn't physically present with the taxpayer. For remote transactions, the ERO must record the name, social security number, address and date of birth.

Verify that the name, social security number, address, date of birth and other personal information on record are consistent with the information provided through record checks with the applicable agency or institution or through credit bureaus or similar databases.

> **Note:** An electronic signature via remote transaction does not include handwritten signatures on Forms 8878 or 8879 sent to the ERO by hand delivery, U.S. mail, private delivery service, fax, email or an Internet website.

Identity Verification

The software used for the electronic signature process may use credit records, also known as credit reports, to verify the taxpayer's identity. Identity verification may consist of a record check with a credit reporting company. A credit reporting company uses information from the taxpayer's credit report to generate knowledge-based authentication questions. This action may create an entry on the credit report called a "soft inquiry."

The software used for the electronic signature process should include an advisory to taxpayers stating the use of third-party data for identity verification; how third-party data is used for identity verification; if a "soft inquiry" will be generated and the effect, if any, on the credit report, credit scores and reporting to lenders; and how the inquiry may appear on the credit report.

The software should also include an advisory to taxpayers stating 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.

The process of identity verification using a record check with a credit reporting company or other identity verification third party for purposes of electronically signing does not require additional consents from the taxpayer beyond those obtained for preparing and filing their taxes; nor does it violate the provisions of Internal Revenue Code section 7216 or its regulations.

Identity Verification Failure

The software will enable the identity verification using knowledge-based authentication questions when an ERO uses tax preparation software to interact with the taxpayer for purposes of obtaining an electronic signature on Form 8878 or 8879. If the taxpayer fails the knowledge-based authentication questions after three attempts, then the ERO must obtain a handwritten signature on Form 8878 or 8879.

Electronic Records

Electronic signatures must be linked to their respective electronic records to ensure that the signatures can't be excised, copied or otherwise transferred to falsify an electronic record.

After the electronic record has been signed, it must be tamper-proof. Therefore, techniques must be employed that lock a document and prevent it from being changed. Storage systems must have secure access control to ensure that the electronic records can't be changed.

Additionally, storage systems must also have a retrieval system that includes an indexing system, and the ability to reproduce legible and readable hardcopies of electronically stored records.

Electronic Signatures for EROs

EROs must also sign with a PIN. EROs should use the same PINs for the entire tax year. The ERO may manually input, or the software can generate the PIN in the electronic record in the location designated for the ERO Electronic Filing Identification Number (EFIN)/PIN. The ERO is attesting to the ERO Declaration by entering a PIN in the ERO EFIN/PIN field. For returns prepared by the ERO firm, return preparers are declaring under the penalties of perjury that they reviewed the returns, and they are true, correct and complete.

EROs may authorize members of their firms or designated employees to sign for them, but the EROs are still responsible for all the electronic returns originated by their firms.

For returns prepared by other than the ERO firm that originates the electronic submission, the ERO attests that the return preparer signed the copy of the return and that the electronic return contains tax information identical to that contained in the paper return.

The ERO must enter the return preparer's identifying information (name, address, EIN, and PTIN) in the electronic return.

EROs may sign **Form 8878** and **Form 8879** by rubber stamp, mechanical device (such as signature pen) or computer software program as described in **Notice 2007-79**.

The signature must include either a facsimile of the individual ERO's signature or of the ERO's printed name. EROs using one of these alternative means are personally responsible for affixing their signatures to returns or requests for extension. This does not alter the requirement that taxpayers must sign Form 8878 and Form 8879 by a handwritten or electronic signature.

The ERO must keep Forms 8878 and 8879 for three years from the return due date or the IRS received date, whichever is later. EROs must not send Forms 8878 and 8879 to the IRS unless the IRS requests they do so.

Submitting the Electronic Return to the IRS

Once signed, an ERO must originate the electronic submission of a return as soon as possible. EROs must not electronically file individual income tax returns prior to receiving Forms **W-2**, **Wage and Tax Statement**, **W-2G**, **Certain Gambling Winnings**; or **1099-R**, **Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc**. If the taxpayer is unable to secure and provide a correct Form **W-2**, **W-2G**, or **1099-R**, the ERO may electronically file the return after the taxpayer completes **Form 4852**, **Substitute for Form W-2, Wage and Tax Statement** or **1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**, in accordance with the use of that form. If Form 4852 is used, the nonstandard W-2 indicator must be included in the record, and the ERO must maintain Form 4852 in the same manner required for Forms W-2, W-2G and 1099-R.

An ERO must ensure that stockpiling of returns does not occur at its offices. Stockpiling is:

- collecting returns from taxpayers or from another Authorized IRS *e-file* Provider prior to official acceptance in IRS *e-file*; or
- after official acceptance to participate in IRS *e-file*, stockpiling refers to waiting more than three calendar days to submit the return to the IRS once the ERO has all necessary information for origination.

The IRS does not view current year returns held before electronic filing begins as stockpiled.

Internet Protocol Information

Internet Protocol (IP) information of the computer the ERO uses to prepare the return (or originate the electronic submission of collected returns) must be included in all individual income tax returns. The required Internet Protocol information includes:

- Public/routable IP address
- IP date
- IP time
- IP time zone

With many different ERO e-filing business models, the computer used to prepare (or originate the electronic submission of collected returns) may not have a public/routable IP address. If the computer used for preparation (or origination of the electronic submission of collected returns) is on an internal reserved IP network, then the IP address should be the public/routable IP address of the computer used to submit the return. If

the computer used for preparation (or origination of the electronic submission of collected returns) is used to transmit the return to the IRS, then the IP address should be the public/routable IP address of that computer. If it isn't possible to capture the public/routable IP address, then the ERO or software may have to hard code the IP address into each return.

The IRS will reject individual income tax returns e-filed without the required IP address. Any return received by the IRS containing a private/non-routable IP address will be flagged in the acknowledgment File with an "R" in the Reserved IP Address Code field of the ACK key record indicating that a reserved IP address is present for the return.

Device ID

The IRS has implemented a Device ID field for electronic return filers and preparers. The IRS will use this unique identifier; in addition to key elements we already collect to improve fraud and ID theft detection. Vendors implementing Device ID in their software should ensure that their privacy notice will cover Device ID.

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 appropriate certificates and, if applicable, the appropriate reseller statements for biodiesel, renewable diesel, and sustainable aviation fuel claims;
- **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 divorce decree or separation agreement that went into effect after 1984 and before 2009, see form instructions);
- **Form 8858**, **Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs);**
- **Form 8864**, **Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit** – attach the appropriate certificates and, if applicable, the appropriate reseller statements for biodiesel, renewable diesel, and sustainable aviation fuel claims 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 and electronic filing.

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.

The Submission ID is an IRS-generated tracking number used to identify an electronic submission. Authorized IRS e-file providers are not required to provide the Submission ID to taxpayers. At the request of the taxpayer, the ERO must provide the date the IRS accepted the electronic individual income tax return data. An ERO may, at its discretion, provide the SID using Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, or another acknowledgment containing the SID. 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 Federal/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. A rejected individual income tax return that was submitted on or before the due date of the return will be considered timely filed if the taxpayer corrects the electronic portion of the return and resubmits the return by the fifth calendar day after the due date of the return. 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 a rejected return submitted on or before the due date of 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 when the returns are filed early in the filing season;
- Estimated tax payments differ from the 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, 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. If the IRS determines at time the taxpayer files the return it will offset the refund, it provides a Debt Indicator on the Acknowledgement File. 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 with records retention policies and 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. All tax returns prepared at a VITA/TCE site must be quality reviewed prior to electronically filing the tax return.

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 the VITA or TCE Scope of Service.

See **Publication 4299**, **Privacy, Confidentiality and Civil Rights – A Public Trust**. 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, debt indicator, 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;
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; and
12. Perform analysis to identify potential identity theft fraud patterns and schemes for providers who collectively transmit more than 2,000 individual income tax returns per year. 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; and
- 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 applicable 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.

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, this requirement applies when 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**."

Specific Requirements for Intermediate Service Providers Participating as Resellers

Providers that resell software (e.g., rebranding, white label, etc.) are also considered by the IRS as Intermediate Service Providers as they provide package deals that usually include additional services to EROs such as education and support. "Reseller" is defined as a firm that purchases software with the intent of selling it to a Tax Preparer or ERO instead of using it.

An Intermediate Service Provider that only meets this role because it resells software must meet the following responsibilities to take part in IRS e-file:

1. Select the role of Intermediate Service Provider on its e-file application;
2. Must not provide an EFIN with the software package sold (EROs are required to get their own EFINs);
3. Ensure that its EFIN is included in the appropriate field in the electronic return data.

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 testing in Assurance Testing System (ATS) as prescribed in **Publication 1436**, **Assurance Testing System (ATS) Guidelines for Modernized e-File (MeF) Individual Tax Returns for Tax Year 2023**.

'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, the software must 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, to "XXXXXXXX" (capital X's), when taxpayers choose not to have their refund directly deposited into an account. These fields should never be blank.
7. When selling software for resale (rebranding, white label, etc.), the software developer must ensure that the original purchaser does not resell the software with the original "purchaser's" EFIN. When the software is activated, the EFIN should not owned by the original purchaser (reseller). The person buying the resold software must obtain their own EFIN.
8. Before selling their software, software developers must complete EFIN validation to verify the ownership and status of each individual EFIN to ensure they are working with authorized IRS e-file Providers.

9. Register each individual EFIN and e-file software package, using the applicable Software ID, under their IRS-issued Vendor Control Number (VCN) to ensure only Authorized IRS e-file Providers are using their e-file software to prepare and transmit electronic returns to the IRS.

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 the Internet, can't be used to file more than ten electronic returns from one e-mail address. The email address used to create the account with the software provider should be used when determining the number of uses.

   Note: It is strongly recommended that the software provider normalize email address handles (email address text excluding the domain) prior to determining how many electronically filed returns have been submitted using the same email address. Normalizing the email address can be done by applying the following text preprocessing measures. These measures are applied to remove features that can obscure that apparently-distinct email handles may resolve to the same inbox, depending on domain handling.

   - Remove dots (R.o.b.e.r.t -> Robert)
   - Ignore characters after the first plus sign ("+") (Robert+White -> Robert)
   - Ignore characters after the first hyphen ("-") (Robert-White -> Robert)

3. Ensure that its software, if available for use on the Internet, can't be used to file more than ten electronic returns from one phone number. The phone number used to create the account with the software should be used when determining the number of uses.
4. 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 the IRS.
5. Ensure that its software contains a payment voucher that can be printed and used by a taxpayer to file with the IRS.
6. Ensure the Internet Protocol (IP) statement is present.
7. 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 passed results of knowledge-based authentication 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.

Also, 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.

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.

As part of ongoing efforts to strengthen fraud detection and security across the e-file ecosystem, the IRS is implementing secure, real-time Electronic Filing Identification Number (EFIN) Validation and Vendor Control Number (VCN) Registration services.

Software companies that develop e-file software must validate the ownership and status of each EFIN before selling or enabling use of their software. They must also register each EFIN and e-file software package, using the applicable Software ID, under their IRS-issued VCN. These requirements ensure only authorized IRS e-file Providers use approved software to prepare and transmit electronic returns.

EFIN validation and VCN registration must be completed annually for each filing season.

For assistance registering for EFIN validation and VCN registration services, contact the **e-help Desk** at 866-255-0654.

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 of 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 Treasury to issue refunds by check.

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

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

Advertising Standards

The advertising standards in **Publication 3112**, **IRS *e-file* Application 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 Provid-

er'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. Providers that obtain taxpayers' advance written consents to disclose or use their tax return information for a purpose other the preparation and filing of the related return, such as offering financial products or services, must ensure the consents comply with all requirements specified in Treas. Reg. § 301.7216-3 and Revenue Procedure 2013-14.

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, 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(f)(1)(viii). 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 (including an electronic version of a 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 penalize 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 System (ATS) – Required testing for Software Developers 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 Secure Object Repository (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.

Debt Indicator (DI) – The Debt Indicator is a field on an ACK Report. It only indicates whether a debt offset of a taxpayer's refund occurs. It does not indicate how much the offset is. Offsets taken by IRS may be for current and prior year tax obligations. Offsets taken by the Financial Management Service (FMS) are for past due student loans, child support, federal taxes, state taxes, or other governmental agency debts.

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 – Starting January 2026, the Device ID can be either a 40-digit alphanumeric value (SHA-1 algorithm) or a 64-digit alphanumeric value (SHA-256 algorithm). We recommend all software's transition to SHA-256 algorithm which provides more robust security measures. SHA-1 support will be discontinued in the future.

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 or document 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 ETAAC 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 the activity of transmission and/or software development.

Element Name (Tag Name) – a defined field name which the Software must use to identify the data it is 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" includes 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.

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' 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.

Multi-factor – The means used to confirm the identity of a user, process, or device. Multi-factor authentication requires the use of at least two of these authentication factors: a knowledge factor (for example, a password); a possession factor (for example, a token); and an inherence factor (for example, biometric).

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 **PTIN Requirements for Tax Return Preparers**.

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, or; 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 return 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 the 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 the Bureau of Fiscal Service guarantees the specific date that the 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* (the date on which the IRS begins acceptance of e-filed returns) 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 a Provider to electronically file tax returns with the following format: (EFIN + ccyyddd + 7-digit alphanumeric sequence number).

Suitability – A check conducted on all firms and the Principals and Responsible Officials of firms when an e-file application is initially processed, and on a regular basis thereafter. The suitability check consists of a tax compliance check and includes 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*.



Publication 1345 (Rev. 10-2026) Catalog Number 64382J Department of the Treasury **Internal Revenue Service** www.irs.gov