



IRS *e-file* Application and Participation



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Applying to IRS *e-file*

Benefits of IRS *e-file*

IRS *e-file* builds strong client relationships and improves business. Authorized IRS *e-file* Providers (Providers) meet the expectations of their clients. They electronically file their clients' returns including business, individual and information returns. The IRS processes *e-file* returns faster and with fewer errors. This means quicker refunds and less contact with the IRS. IRS *e-file* provides proof of receipt within 24 hours of sending returns to the IRS. Individual and business clients can *e-file* balance due returns and schedule an electronic funds transfer (EFT) from their account for any date. Taxpayers can delay out of pocket expenses by paying their individual income tax with a credit card. IRS *e-file* provides good return on your investment by saving money on costs of printing, mailing, and document storage. It also helps to keep client information more organized, centralized, and readily available when needed.

Most Tax Return Preparers Must Use IRS *e-file*

Starting January 1, 2012, any tax return preparer who anticipates preparing and filing 11 or more Forms 1040, 1040A, 1040EZ and 1041 during a calendar year must use IRS *e-file* (unless the preparer or a particular return is administratively exempt from the *e-file* requirement or the return is filed by a preparer with an approved hardship waiver).

Members of firms must count returns in the aggregate. If the number of applicable income tax returns is 11 or more, then all members of the firm generally must *e-file* the returns they prepare and file. This is true even if a member expects to prepare and file fewer than 11 returns on an individual basis.

IRS refers to preparers who are subject to the *e-file* requirement as "specified tax return preparers." See IRS.gov for additional information and frequently asked questions.

Why a New Publication 3112?

This edition of Publication 3112, *IRS e-file Application and Participation*, replaces the previous edition last revised in March 2009. The IRS communicated most of the changes on its Web site at IRS.gov as they occurred since the last revision of this publication.



What is an Authorized IRS e-file Provider?

An Authorized IRS *e-file* Provider (Provider) is a business or organization authorized by the IRS to participate in IRS *e-file*. It may be a sole proprietorship, partnership, corporation, or other entity. The firm submits an e-file application, meets the eligibility criteria, and must pass a suitability check before the IRS assigns an Electronic Filing Identification Number (EFIN). Applicants accepted for participation in IRS *e-file* are Authorized IRS *e-file* Providers.

A Provider may be an Electronic Return Originator (ERO), Intermediate Service Provider, Transmitter, Software Developer, or Reporting Agent. These roles are not mutually exclusive. For example, a Provider that is an ERO may also be a Transmitter. Providers may also be tax return preparers, but the activities and responsibilities for IRS *e-file* and return preparation are distinct and different from each other.

Getting Started

Apply to participate in IRS *e-file* using the IRS *e-file* Application at [IRS.gov](https://www.irs.gov). Applying is an easy three-step process (explained later). This applies to all applicants that want to develop software or e-file Forms 56, 720, 940, 941, 944, 990 series, 1040 series, 1041, 1065, 1120 series, 2290, 8849, 9465, certain state income tax returns, and extensions of time to file individual, business and exempt organization returns.

Filing state tax returns electronically is an additional business decision. Federal/State e-file is cooperative tax filing between the IRS and most of the states that have taxes. It allows electronic filing of both federal and state tax returns at one time. Each participating state has its own requirements, but all of the states require that the IRS accept applicants to participate in IRS *e-file* before they will accept the applicant to participate in their state electronic filing programs.

The IRS may conduct pilot programs looking for ways to improve and simplify IRS *e-file*. The IRS may conduct pilot programs within a limited geographic area or with a limited taxpayer or practitioner community. The rules for pilot programs are contained in implementing documents referred to as “Memoranda of Understanding” (MOU) or “Memoranda of Agreement” (MOA). The implementing document has the same force as the revenue procedure.

Applicants must become familiar with the rules and requirements for participation in IRS *e-file* by reading the applicable IRS *e-file* documents. See Appendix for list of publications and other sources of information about IRS *e-file*. Applicants with questions, or who do not know where to begin may call IRS [e-help](https://www.irs.gov), toll-free at (866) 255 0654 for assistance.

A Provider may be an Electronic Return Originator (ERO), Intermediate Service Provider, Transmitter, Software Developer, or Reporting Agent.



Become an Authorized IRS *e-file* Provider in 3 Steps

STEP 1

Create an IRS e-services Account

Before you begin the e-file application, you must have an IRS [e-services](#) account, which facilitates electronic interaction with the IRS. When you apply for an e-services account, you must:

- Provide your legal name, Social Security Number (SSN), date of birth, phone number, e-mail address and your home mailing address (confirmation of your account will be mailed to you);
- Provide your Adjusted Gross Income from the current or prior tax year;
- Create a username, a password and a PIN, and provide an answer to a question to recover username;
- Make sure that every Principal and Responsible Official in your firm signs up for e-services; and
- Return to e-services to confirm your registration within 28 days of receiving your confirmation code in the mail.

Contact [e-help](#) toll-free at (866) 255 0654, for assistance with e-services registration.

STEP 2

Submit an IRS *e-file* Application

Your firm can begin the IRS *e-file* application once all Principals have created their [e-services](#) accounts. The application process is necessary to protect the integrity and security of the electronic filing system. The process is comprehensive and designed to allow you to save your data during the session and to return to the application when convenient. Plan accordingly; the IRS may take up to 45 days to approve an application. The e-file application prompts for missing information to ensure that applicants submit only complete applications to the IRS.

You should submit your completed application no later than 45 days prior to the date you intend to begin filing returns electronically.

1

Create an
IRS e-services
Account.

2

Submit an
IRS *e-file*
Application.

3

Pass a
Suitability
Check.



Here are the key steps of the application process:

- Log in to [e-services](#) and access the e-file application;
- Select your e-file Provider Options — return preparers who want to e-file for a client should select Electronic Return Originator (ERO);
- Enter identification information for your firm, as well as services provided to taxpayers;
- Enter the name, home address, social security number, date of birth and citizenship status for each Principal and Responsible Official in your organization;
- Enter the current professional information for Principals and Responsible Officials if an attorney, certified public accountant, enrolled agent, officer of a publicly traded corporation, or a bonded bank official.
- Call the IRS toll free at (866) 255 0654 to request a fingerprint card for any Principal or Responsible Official who is not an attorney, certified public accountant, or enrolled agent, officer of a publicly traded corporation, or a bonded bank official, and
- Get fingerprinted by a trained professional at your local police station or at a company that provides this service. Write the tracking number provided after successful transmission of the application and mail the signed card to the IRS at Andover Campus, attn: EFU Acceptance, Testing Stop 983, 310 Lowell Street, Andover, MA 05501-0001.
- Each Principal and Responsible Official must answer several personal questions, and sign the Terms of Agreement (TOA) using a PIN selected when creating an e-services account. In addition, each Principal and Responsible Official must declare under penalty of perjury that the personal information is true.
- Submit the IRS *e-file* Application and retain the tracking number provided after successful submission of the application.

Help is available when completing the application by clicking designated words and symbols. Contact [e-help](#) toll-free at (866) 255 0654, for assistance with the IRS *e-file* Application.

Provider Options

Applicants choose Provider Options, which include Electronic Return Originator, Intermediate Service Provider, Online Provider, Transmitter, Software Developer, and Reporting Agent. Applicants may choose more than one Provider Option, for example; ERO and Transmitter on one application, but should only choose those options they intend to use.



Contact [e-help](#)
toll-free at
(866) 255 0654,
for assistance
with the IRS *e-file*
Application.

Brief descriptions for each Provider type are below (See IRS *e-file* Participation, Provider Roles and Responsibilities for additional information):

Electronic Return Originator (ERO) – originates the electronic submission of tax returns to the IRS.

Intermediate Service Provider – assists with processing return information between an ERO and a Transmitter, and the taxpayer and a Transmitter in the case of Online Filing.

Reporting Agent – originates the electronic submission of certain returns for its clients, and/or transmits the returns to the IRS. A Reporting Agent must be an accounting service, franchiser, bank, or other entity that complies with Rev. Proc. 2007 38, 2007-25 I.R.B. 1442, and is authorized to perform one or more of the acts listed in Rev. Proc. 2007-38 on behalf of a taxpayer. Reporting Agents must submit Form 8655, *Reporting Agent Authorization*, to the IRS prior to or at the same time that they submit an IRS *e-file* Application.

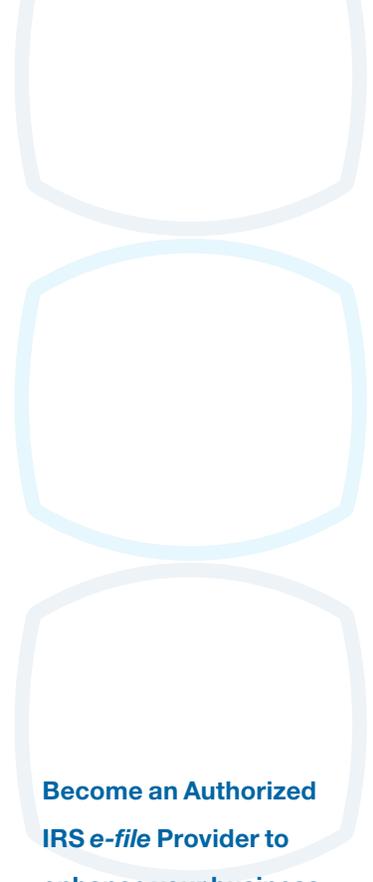
Software Developer – writes either origination or transmission software according to the IRS *e-file* specifications.

Transmitter – sends the electronic return data directly to the IRS. EROs and Reporting Agents may apply to be transmitters and transmit return data themselves, or they may contract with an accepted third-party transmitters that can transmit the data for them. A Transmitter must have software and computers that allow it to interface with the IRS.

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 an internet Web site to obtain information from taxpayers to originate the electronic submission of returns, the ERO is not an Online Provider.

Note: A Large Taxpayer is a Provider Option on the IRS *e-file* Application but it is not an Authorized IRS *e-file* Provider. A Large Taxpayer is a business or other entity with assets of \$10 million or more, or a partnership with more than 100 partners, that originates the electronic submission of its own return(s). To submit an IRS *e-file* Application, Large Taxpayers should follow instructions in Part V of Publication 4163, *Modernized e-file (MeF) Information for Authorized IRS e-file Providers and Large Taxpayers (Corporations, Partnerships and Tax Exempt Organizations)*.

When completing the e-file application the applicant provides basic information about the business and its Principals and at least one



Become an Authorized
IRS *e-file* Provider to
enhance your business
and your clients' return
filing experience.

Responsible Official. The roles of Principal and Responsible Official are not mutually exclusive; a Principal may also serve as the Responsible Official.

Principals and Responsible Officials

Principals

Generally, the Principal for a business or organization includes the following:

- **Sole Proprietorship:** The sole proprietor is the Principal for a sole proprietorship.
- **Partnership:** Each partner who has a 5 percent or more interest in the partnership is a Principal. If no partner has at least a 5 percent or more interest in the partnership, the Principal is an individual authorized to act for the partnership in legal and/or tax matters. At least one such individual must be on the application. See Note below.
- **Corporation:** The President, Vice-President, Secretary, and Treasurer are each a Principal of the corporation. See Note below.
- **Other:** The Principal for an entity that is not a sole proprietorship, partnership, or corporation is an individual authorized to act for the entity in legal and/or tax matters. At least one such individual must be on the application.

Note: A large firm (other than a sole proprietor) with multilayered management may include “Key Persons” who “participate substantially” in the firm’s electronic filing operations as Principals on the firm’s IRS *e-file* Application. A large firm usually has subsidiaries or multiple operating divisions/branches. “Participate substantially” means participation that is extensive and substantive, with control over the firm’s electronic filing operation, and not peripheral, clerical or ministerial.

Responsible Officials

A Responsible Official is an individual with authority over the Provider’s IRS *e-file* operation at a location, is the first point of contact with the IRS, and has authority to sign revised IRS *e-file* applications. A Responsible Official ensures the Provider adheres to the provisions of the revenue procedure as well as all publications and notices governing IRS *e-file*. The Responsible Official may oversee IRS *e-file* operations at one or more offices, but must be able to fulfill identified responsibilities for each of the offices. If one individual cannot fulfill these responsibilities, add Responsible Officials to the e-file application. To add or change Responsible Officials, a Provider must revise its IRS *e-file* Application.

A Responsible Official ensures the Provider adheres to the provisions of the revenue procedure as well as all publications and notices governing IRS *e-file*.



Each individual who is a Principal or Responsible Official must:

- Be a United States citizen or a resident alien (lawfully admitted for permanent residence) as described in 8 U.S.C. §1101(a)(20) (1994);
- Be 18 years of age as of the date of application; and
- Meet applicable state and local licensing and/or bonding requirements for the preparation and collection of tax returns.

Principals and Responsible Officials must submit fingerprints unless the individuals meet one of the exceptions shown below. Each Principal and Responsible Official must submit one set of fingerprints.

The unique fingerprint cards for IRS *e-file* are available only from the IRS by calling *e-help*, toll-free at (866) 255 0654. A trained specialist must fingerprint the individuals. Most local law enforcement offices and fingerprinting service companies charge a fee.

In lieu of fingerprints, Principals and Responsible Officials may need to enter professional status information (credential number, state of jurisdiction, and date of expiration) in the e-file application as evidence that they are one of the following:

- **Attorney** – Must be in good standing of the bar of the highest court in any state, commonwealth, possession, territory, or the District of Columbia. An attorney should not be under suspension or disbarment from practice before the IRS or from the bar of any state, commonwealth, possession, territory, or the District of Columbia
- **Certified Public Accountant** – Must have a current license to practice as a Certified Public Accountant in any state, commonwealth, possession, territory, or the District of Columbia. A CPA should not be under suspension or disbarment from practice before the IRS or from practice by a state, commonwealth, possession, territory, or the District of Columbia. Licensed Public Accountants (LPAs) must provide fingerprints
- **Enrolled agent (pursuant to part 10 of 31 C.F.R. Subtitle A)** – Must have a valid enrolled agent number
- **Officer of a publicly owned corporation** – May be asked to mail or fax information about the exchange where listed and the name under which the stock is traded on corporate letterhead which carries the name of the officer.
- **Banking official, bonded and fingerprinted within the last two years** – Will be asked to mail or fax a copy of the bonding certificate and proof of fingerprinting within the last two years.

Principals and Responsible Officials must submit fingerprints or provide valid professional status information.



Pass a Suitability Check

The IRS conducts a suitability check on the applicant and on all Principals and Responsible Officials listed on the application. The IRS does not complete suitability checks on applicants only applying to be Software Developers.

Suitability checks may include the following:

- A criminal background check
- A credit history check
- A tax compliance check to ensure that all required returns are filed and paid, and to identify assessed penalties; and
- A check for prior non-compliance with IRS *e-file* requirements

Other Individuals on IRS *e-file* Applications

Other individuals such as contacts and Delegated Users may also be included on IRS *e-file* Applications.

Contacts

Contact persons should be available on a daily basis for the IRS to contact them with general questions during testing and the processing year. Contacts may be a Principal or Responsible Official. They may also be persons distinct from the Principals and Responsible Officials but if they are, they do not have access to private information that is only available to Principals and Responsible Officials.

A **Primary Contact** is required for each application. An **Alternate Contact** is not required, but Providers can specify one or more Alternate Contacts. It is important for a Principal or Responsible Official to change or delete contacts when the contacts are no longer with the firm or their position within the firm no longer warrants being a contact.

Delegated Users

Delegated Users are individuals authorized by the Provider to use one or more of the [e-services](#) products even though they are not a Principal or Responsible Official. A Principal or Responsible Official appoints an individual as a Delegated User on the IRS *e-file* Application available on the IRS Web site. A Delegated User should be an employee, partner, or other member of the firm/organization or have a business relationship with the firm/organization. Principals and Responsible Officials are responsible for the actions of all Delegated Users on the firm's application.

The IRS conducts a suitability check on the applicant and on all Principals and Responsible Officials listed on the application.



Each Delegated User needs to be on only one IRS *e-file* Application. It is not necessary for a Delegated User to be on more than one IRS *e-file* Application to access [e-services](#) incentive products. Each Delegated User affiliated with different firms (identified by different TINs) and authorized to view and make changes to an e-file application, must be on the specific IRS *e-file* Application to be able to review and make changes to the application. Large firms with multiple Delegated Users on a single IRS *e-file* Application should limit the number of Delegated Users to 100.

A Principal or Responsible Official may authorize a Delegated User with any or all the following authorities:

- Viewing, updating, signing, and submitting IRS *e-file* Applications
- Accessing [e-services](#) incentive products (Disclosure Authorization, Electronic Account Resolution and Transcript Delivery System)
- Transmitting Forms 990, 1120, and 1120 POL through the Internet (Internet Transmitter)
- Requesting a new password (Security Manager)
- Viewing Software Developer information

Principals and Responsible Officials with authority to Add, Delete, and Change Principal can assign Principal Consent authority to a Delegated User. A Delegated User with Principal Consent authority has the same e-file application authorities as a Principal.

It is important for a Principal or Responsible Official to change or delete Delegated Users and authorities on the IRS *e-file* Application when the authorities of the Delegated Users change or the Delegated Users are no longer with the firm or their position within the firm no longer warrants the authorities.

Denial to Participate in IRS *e-file*

If the firm, a Principal or a Responsible Official fails the suitability check, the IRS will notify the applicant of denial to participate in IRS *e-file*, the date they may reapply and that they may reapply sooner if they resolve the suitability issues. In most circumstances, the denied applicant may appeal the decision through an Administrative Review (described below).

An applicant, Principal or Responsible Official denied because a federal or state court enjoined it from filing returns or a federal or state legal action prohibits it from participating in IRS *e-file* may not appeal its denial. If the injunction or other legal action expires or is reversed, the denied applicant may reapply to participate in IRS *e-file*.

The IRS reviews each firm or organization, Principal and Responsible

Large firms with multiple Delegated Users on a single IRS *e-file* Application should limit the number of Delegated Users to 100.

Official listed on the IRS *e-file* Application. The IRS may deny an applicant participation in IRS *e-file* for a variety of reasons that include but are not limited to:

1. An indictment or conviction of any criminal offense under the laws of the United States or of a state or other political subdivision, or an active IRS criminal investigation;
2. Failure to file accurate federal, state, or local tax returns;
3. Failure to pay any federal, state, or local tax liability;
4. Assessment of fraud penalties;
5. Suspension/disbarment from practice before the IRS or before a state or local tax agency;
6. Disreputable conduct or other facts that may adversely impact IRS *e-file*;
7. Misrepresentation on an IRS *e-file* Application;
8. Unethical practices in return preparation;
9. Non-compliance with §6695(g) of the Internal Revenue Code;
10. Stockpiling returns prior to official acceptance to participate in IRS *e-file*;
11. Knowingly and directly or indirectly employing or accepting assistance from any firm, organization, or individual denied participation in IRS *e-file*, or suspended or expelled from participating in IRS *e-file*. This includes any individual whose actions resulted in the denial, suspension, or expulsion of a firm from IRS *e-file*;
12. Knowingly and directly or indirectly accepting employment as an associate, correspondent, or as a subagent from, or sharing fees with, any firm, organization, or individual denied participation in IRS *e-file*, or suspended or expelled from participating in IRS *e-file*. This includes any individual whose actions resulted in denial, suspension, or expulsion of a firm from IRS *e-file*.
13. Enjoined from filing returns by a federal or state court injunction or prohibited from filing returns by any federal or state legal action that prohibits them from participation. A type of such legal action is a federal Executive Order such as Executive Order 13224 (September 23, 2001), which involves prohibitions directed at terrorist individuals and organizations.

Acceptance

After an applicant passes the suitability check and the IRS completes processing the application, the IRS notifies the applicant of acceptance to participate in IRS *e-file*. Transmitters and Software Developers must complete testing before acceptance. The IRS assigns Electronic

After an applicant passes the suitability check and the IRS completes processing the application, the IRS notifies the applicant of acceptance to participate in IRS *e-file*.



Identification Filing Numbers (EFINs) to all Authorized IRS *e-file* Providers (Providers) and assigns Electronic Transmission Identification Numbers (ETINs) to Transmitters, Software Providers, and Online Providers. The IRS assigns EFINs with prefix codes 10, 21, 32, 44, and 53 to Online Providers.

A Provider does not have to reapply each year as long as it continues to e-file returns or the IRS has not suspended the Provider from participation in IRS *e-file*.

However, if a Provider does not e-file returns for two consecutive years, the IRS will notify the Provider that it will inactivate its EFIN. The IRS may reactivate a Provider if the Provider replies within sixty days and requests reactivation. Otherwise, the Provider will have to complete and submit a new application.

If the IRS suspends a Provider from participation in IRS *e-file*, the Provider may reapply to participate in IRS e-file after the suspension period is completed, or after resolution of suitability issues. A Provider expelled or revoked from participation in IRS e-file usually may not reapply.

Providers do not need to submit a new IRS *e-file* Application each year to participate in IRS *e-file*. Providers are required to have the appropriate identification numbers and should review their IRS *e-file* Application at [IRS.gov](https://www.irs.gov) to check their status. Providers may contact [e-help](#), toll free at (866) 255 0654 with questions regarding their e-file application status.

Providers must update their application information within 30 days of the date of any changes to the information on their current application. Make all changes using the IRS *e-file* Application. See [Changes to Your IRS *e-file* Application](#) below.

EFINs, ETINs, and Passwords

Authorized IRS *e-file* Providers (Providers) must protect their EFINs, ETINs, and passwords from unauthorized use. Providers must never share the numbers and passwords with others including not transferring EFINs or ETINs to another entity when transferring the business by sale, gift, or other disposition. If the IRS learns of a compromised EFIN or ETIN, we will change the number and notify the Provider by mail.

The IRS mails a security letter to new Transmitters, Software Developers, and Online Providers containing their EMS password and login ID. The last two digits of the corresponding Electronic Transmitter Identification Number (ETIN) are in the letterhead.

All Providers must include their identification numbers with the electronic return data of all returns it transmits to the IRS. If more than one Provider is

Authorized IRS *e-file* Providers must protect their EFINs, ETINs, and passwords from unauthorized use.



involved in the origination and transmission of the return data, applicable electronic filing identification numbers (EFIN and ETIN) for each Provider must be included in the electronic return record. Online Providers must include an EFIN with a Prefix Code of 10, 21, 32, 44, or 53 with each Online Return for the filing of Individual Income Tax Returns.

Checking Other Authorized IRS e-file Providers

Authorized IRS *e-file* Providers (Providers) may use only other Authorized IRS *e-file* Providers to perform IRS *e-file* activities, including but not limited to origination and transmission of electronic submission. For example, Transmitters must ensure they are transmitting only for Providers. Providers should request other Providers provide information to ascertain that they are Authorized IRS *e-file* Providers. Care is necessary to safeguard IRS *e-file*.

A Provider can print a summary of its e-file application via *e-services* at [IRS.gov](https://www.irs.gov) and provide it to other Providers as needed. Providers can also confirm EROs using the [Authorized IRS e-file Provider Locator](https://www.irs.gov) at [IRS.gov](https://www.irs.gov). If an ERO can not be found it may still be an Authorized IRS *e-file* Provider as EROs may elect not to be included on the Authorized IRS *e-file* Provider Locator. The IRS can advise if the firm is an Authorized IRS *e-file* Provider only if it is on the Authorized IRS *e-file* Provider Locator. If you need assistance to search the Locator, contact the IRS by calling [e-help](https://www.irs.gov) toll free at (866) 255 0654.

Using Third Parties for IRS e-file Related Activities

Authorized IRS *e-file* Providers (Providers) may associate with third parties that are not Providers for related activities, such as advertising, collection of taxpayer data and Web services, which are not e-file activities only if the third party agrees to adhere to all applicable requirements for participation in IRS *e-file*. The IRS may require the Provider to discontinue their association with third parties that are not adhering to IRS *e-file* requirements. The IRS may also sanction a Provider that knowingly and either directly or indirectly associates with a third party that is not adhering to applicable IRS *e-file* requirements.

When to Submit a New Application

Applicants and Authorized IRS *e-file* Providers (Providers) must either submit a new application or reapply for any of the reasons below. Principals and

Providers should request other Providers provide information to ascertain that they are Authorized IRS *e-file* Providers.

Responsible Officials may have to provide fingerprints or professional status information.

- They never participated in IRS *e-file*
- They were previously denied participation in IRS *e-file*
- They were previously suspended from IRS *e-file*
- They have not submitted any e-file returns for more than two years
- The structure of the business has changed, requiring use of a new or different Taxpayer Identification Number (TIN)

Adding New Business Locations

Providers may need to submit new IRS *e-file* Applications when expanding their e-file businesses to new business locations. EROs must submit new applications for additional fixed locations from which the origination of the electronic submission of returns will occur. A fixed location is an office owned or leased by the Provider.

EROs may originate the electronic submission from other than fixed locations without submitting an application for each such location. The ERO uses the EFIN assigned to a fixed location for electronic submission of returns originated from other than fixed locations.

An application is not required for a location if tax returns are only prepared or collected at the location and forwarded to another location for origination of the electronic submission of returns.

Obtaining a Foreign EFIN

Providers may obtain an Electronic Filing Identification Number (EFIN) for use by a firm in “its business-related group” if the firm cannot obtain an EFIN because its Principals and/or Responsible Officials are not U.S. citizens or aliens lawfully admitted for permanent residence as described in 8 U.S.C. §1101(a)(20). The term “business-related group” applies to brother-sister firms, subsidiaries, franchises, affiliates, etc. “Business-related group” is broad to include any business relationship. The Provider may establish its own policies to determine the firms for which it will obtain an EFIN and how it monitors the use of the EFIN.

The Provider must submit an IRS *e-file* application for each foreign EFIN it wants to obtain. The Provider must include its address as the mailing address, but include the physical address of the firm for which it is obtaining the foreign EFIN. The IRS will issue EFINs to the Provider for each location from which the firm in its “business-related group” will originate the electronic submission of returns. The Provider is responsible for the EFINs and may delete the EFIN assigned to any firm location when it determines appropriate.

Providers may need to submit new IRS *e-file* Applications when expanding their e-file businesses to new business locations.



The Provider is responsible for the business-related firm’s adherence to IRS *e-file* rules, but is not responsible for the preparation of returns of the firm in its “business-related group.” The Provider should only obtain EFINs for other firms it knows to be trustworthy. IRS will look to the Principals and the Responsible Officials if necessary to assist the IRS in gathering information to address potential violations of IRS *e-file* rules by the “business-related” firm. The IRS may inactivate the EFIN for a “business-related” firm that is not adhering to IRS *e-file* rules without sanctioning the Provider or affecting its other EFINs.

For additional information see [Questions and Answers](#) on IRS.gov.

Acquiring an IRS *e-file* Business by Purchase, Transfer or Gift

Providers that acquire an existing IRS *e-file* business by purchase, transfer, or gift must submit a new IRS *e-file* Application and receive new Electronic Filing Identification Numbers (EFINs), and passwords when applicable. The Provider must submit an *e-file* application and proof of sale, transfer, or gift during the period beginning forty-five days before and ending thirty days after the acquisition date.

Providers that acquire an existing IRS *e-file* business by purchase, transfer or gift may not use the EFIN, other identification numbers or passwords of the previous Provider. Providers may not acquire the EFIN, other identification numbers, or passwords of another Provider by sale, merger, loan, gift, or otherwise.

When transfers occur during filing season, Providers should contact the IRS prior to the acquisition for assistance in making a smooth transition. Providers interested in acquiring firms suspended, expelled, or revoked from participation in IRS *e-file* or denied acceptance to participate in IRS *e-file* should also contact the IRS. Contact IRS [e-help](#) at (866) 255 0654 to discuss transition issues.

Changes to Your IRS *e-file* Application

Authorized IRS *e-file* Providers (Providers) should ensure that the IRS has current information by reviewing and updating their IRS *e-file* Applications. Providers may review their IRS *e-file* Application information electronically via [e-services](#). A Principal, Responsible Official, or a Delegated User authorized to revise an IRS *e-file* Application may submit all revisions.

Providers must submit updates within thirty days of a change of any information. It is important to provide updates such as changes to business

Authorized IRS *e-file* Providers should ensure that the IRS has current information by reviewing and updating their IRS *e-file* Applications.

structure, Principals, Responsible Officials, addresses, and telephone numbers, and to remove individuals no longer associated with the firm, including deceased individuals. The IRS needs current information to be able to contact Providers and obtain or provide important information.

If a Principal or Responsible Official loses their professional status, the firm must update its e-file application and provide the required fingerprints of the individual.

The IRS removes deceased individuals including Principals, Responsible Officials, and Delegated Users from the e-file application if the Provider does not remove the individual within thirty days of the date of death. The IRS also removes Providers from participation in IRS *e-file* when it receives undeliverable mail or is unable to contact a Provider. Until the Provider updates the information, the IRS rejects all returns submitted by the Provider.

NOTE: Changes submitted on an IRS *e-file* Application do not change the address of record for a business' tax records, just as a change to tax records does not automatically update information on a Provider's IRS *e-file* Application.

Notifying the IRS of Changes to IRS *e-file* Application

If a Provider is unable to update its IRS *e-file* Application electronically, a Principal or Responsible Official may either use the firm's official letterhead or call the [e-help](#) desk at (866) 255 0654 to notify the IRS of changes to the following information:

- All addresses
- All telephone and fax numbers
- e-mail addresses
- Contact persons
- Form types to be e-filed
- Transmission protocols
- Adding Federal/State e-file
- Changes to Foreign Filer information
- Add or remove Provider Options

When Providers that are only Software Developers add a Provider Option, they have to submit the application but can continue participation as Software Developers.

A change to IRS tax records does not automatically update information on a Provider's IRS *e-file* application.



Exceptions – Changes that require a firm to acquire a new Employer Identification Number (EIN) require a Provider to submit a new IRS *e-file* Application. Firms that change their form of organization, such as from a sole proprietorship to a corporation, generally require the firm to acquire a new EIN.

The letters must include sufficient information for the IRS to identify the application the Provider is revising. Be sure to include the appropriate EFIN and/or ETIN that applies, as well as a firm name, firm EIN or Social Security Number (SSN), and doing business as name. If the firm is controlled or owned by another Provider, the name, business address, and EFIN and ETIN (if applicable) of the controlling Provider must be included. A Principal or the Responsible Official of the firm must sign the letter. Providers can make most of the same changes by telephone. A Principal or the Responsible Official of the firm must sign the letter or call the IRS. The caller will have to provide identifying information.

Providers that sell, transfer, or otherwise discontinue an IRS *e-file* business must notify the IRS within 30 days. The easiest way to notify the IRS is to use the “Close Office” feature on IRS *e-file* Application on the IRS Web site. If notifying by letter, be sure to include enough information to identify the correct business location. Providers may not sell or transfer EFINs, other identification numbers, or passwords when selling, transferring or otherwise discontinuing an IRS *e-file* business.

Providers that sell, transfer, or otherwise discontinue an IRS *e-file* business must notify the IRS within 30 days.

Required Revision of the IRS *e-file* Application

The following situations are changes that require revision of the IRS *e-file* Application:

- The Provider is functioning solely as a Software Developer or Reporting Agent and intends to do business as an ERO, Intermediate Service Provider, or Transmitter
- An additional Principal or Responsible Official is being added
- A Principal or Responsible Official is changed
- A Principal or Responsible Official must be deleted

These revised applications (except when deleting a Principal or Responsible Official) must be signed electronically and submitted. Fingerprint cards or evidence of professional status for new Principals and Responsible Officials of the firm are required unless the individual is listed as a Principal or Responsible Official on the application of a Provider currently participating in IRS *e-file*.



Participating in IRS *e-file*

Authorized IRS *e-file* Providers (Providers) must adhere to applicable IRS *e-file* rules and requirements to continue participating in IRS *e-file*. The IRS *e-file* rules and requirements are included in Revenue Procedure 2007-40, throughout this publication, and in other IRS *e-file* publications and notices on the IRS Web site. Providers must adhere to all applicable IRS *e-file* rules and requirements regardless of where published.

Providers should familiarize themselves with the revenue procedure, the *e-file* publications, and *e-file* information on the IRS Web site IRS.gov to ensure compliance with requirements for participation in IRS *e-file*.

Some rules and requirements are specific to the *e-file* activity performed by the Provider. Additional rules and requirements specific to the Provider's *e-file* activity are included under each Provider Option. The list below, while not all-inclusive, applies to all Providers:

- Adhere to the advertising standards described in this publication
- Clearly display the Provider's "doing business as" name at all locations and sites including Web sites at which the Provider or a third party obtains information from taxpayers for electronic filing of returns by the Provider
- Cooperate with the IRS' efforts to monitor Providers and investigate electronic filing fraud and abuse
- Comply with provisions for all *e-file* programs, including free file and pilot programs in which the Provider participates
- Ensure against the unauthorized use of its EFIN and/or ETIN, including not transferring its EFIN or ETIN to another entity when transferring the business by sale, gift, or other disposition
- Ensure the security of taxpayer information
- Make changes to the IRS *e-file* Application as described in this publication in a timely manner

Providers should familiarize themselves with the revenue procedure, the *e-file* publications, and *e-file* information on the IRS Web site IRS.gov to ensure compliance with requirements for participation in IRS *e-file*.



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). Providers must be diligent in recognizing fraud and abuse, reporting it to the IRS, and preventing it when possible. Providers must also cooperate with the IRS' investigations by making available to the IRS upon request, information and documents related to returns with potential fraud or abuse. Additional information regarding Reporting Fraud and Abuse Within the IRS e-file Program is available at [IRS.gov](https://www.irs.gov).

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 for income and expense documentation. A "fraudulent return" is a return in which the individual is attempting to file using someone else's name or SSN on the return or where the taxpayer is presenting documents or information that have no basis in fact. A "potentially abusive return" is a return the taxpayer is required to file but may contain inaccurate information and 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.

Safeguarding Taxpayer Information

Safeguarding taxpayer information is a top priority for the Internal Revenue Service. It is the responsibility of governments, businesses, organizations, and individuals that receive, maintain, share, transmit, or store taxpayers' personal information. Taxpayer information is information furnished in any form or manner by or on behalf of taxpayers for preparation or filing of their returns. Providers must safeguard taxpayer information from unauthorized disclosure, use, and destruction.

Providers must have security systems in place to prevent unauthorized access by third parties to taxpayer accounts and personal information. The Gramm-Leach-Bliley Act, codified at 15 U.S.C. §§ 6801-6827, and the implementing rules and regulations promulgated by the Federal Trade Commission include rules that are designed to ensure the security and privacy of taxpayer information and are applicable to Providers. Providers should become familiar with the Privacy and Security Rules and other important information regarding safeguarding personal information available at the FTC Web site www.ftc.gov.

Providers must implement security and privacy practices that are appropriate for the size, complexity, nature, and scope of their business activities. The IRS Publication 4600, *Safeguarding Taxpayer Information Quick Reference Guide for Business*, and Publication 4557, *Safeguarding*

Safeguarding of IRS e-file from fraud and abuse is the shared responsibility of the IRS and Authorized IRS e-file Providers.



Taxpayer Data—A Guide for Your Business, contain information to help non-governmental businesses, organizations, and individuals to understand and meet their responsibility to safeguard taxpayer information.

The IRS may set forth additional safeguarding requirements for Providers as it determines appropriate. The requirements will be included in revisions of appropriate e-file publications or published on the IRS Web site at [IRS.gov](https://www.irs.gov).

Registration of Web Sites with the IRS

To safeguard taxpayer information by more quickly identifying fraud schemes including phishing, the IRS requires Providers to register with the IRS all internet Web sites from which information is collected from taxpayers, either directly or through third parties, and used by the Provider for federal returns that are filed electronically.

Providers must submit the following information to the IRS prior to the Web site being accessible on the Internet, and submit any changes to previously provided information to the IRS within three (3) business days.

1. An EFIN for the Provider;
2. The name of a Principal or Responsible Official shown on the e-file application for the EFIN; and
3. The Uniform Resource Locators (URLs) of all Web sites from which the Provider collects information from taxpayers, either directly or through third parties, for electronic filing of federal returns.

Providers must log in to [e-services](#) and navigate to the e-file Application. Click “Add/Delete URL” and proceed as instructed. If “Add/Delete URL” is not in the e-file Application Menu, click “EFIN Status” and select “Yes” in response to the Web site question. After saving, the “Add/Delete URL” link should be available on the “e-file Application” menu page.

Provider Roles and Responsibilities

The roles and responsibilities of Providers relate to the e-file activity the firm is conducting. The firm identifies its e-file activity by selecting the appropriate Provider Option in the IRS *e-file* Application. Each Provider Option is a different role and may have different responsibilities that relate specifically to the e-file activity of the firm. Some Providers may have more than one e-file business activity. For example, an ERO may also be a Transmitter. Providers must adhere to all IRS *e-file* rules and requirements applicable to their multiple e-file roles.

An Electronic Return Originator (ERO) is the Authorized IRS *e-file* Provider that originates the electronic submission of a return to the IRS. The ERO is usually the first point of contact for most taxpayers filing a return using IRS *e-file*.

To safeguard taxpayer information, the IRS requires Providers to register all internet Web sites from which information is collected from taxpayers.

The Origination of an Electronic Return

Although an ERO may also engage in return preparation, that activity is separate and different from the origination of the electronic submission of the return to the IRS. An ERO originates the electronic submission of a return after the taxpayer authorizes the filing of the return via IRS *e-file*. An ERO must originate the electronic submission of only returns that the ERO either prepared or collected from a taxpayer. An ERO originates the electronic submission by any of the following:

- Electronically sending the return to a Transmitter that will transmit the return to the IRS
- Directly transmitting the return to the IRS
- Providing a return to an Intermediate Service Provider for processing prior to transmission to the IRS

In originating the electronic submission of a return, the ERO has a variety of responsibilities, including, but not limited to the following:

- Timely originating the electronic submission of returns
- Submitting any required supporting paper documents to the IRS
- Providing copies to taxpayers
- Retaining records and making records available to the IRS
- Accepting returns only from taxpayers and other Providers
- Having only one EFIN for the same firm for use at one location, unless the IRS issued more than one EFIN to the firm for the same location. For this purpose, the business entity is generally the entity that reports on its return the income derived from electronic filing. The IRS may issue more than one EFIN to accommodate a high volume of returns, or as it determines appropriate.

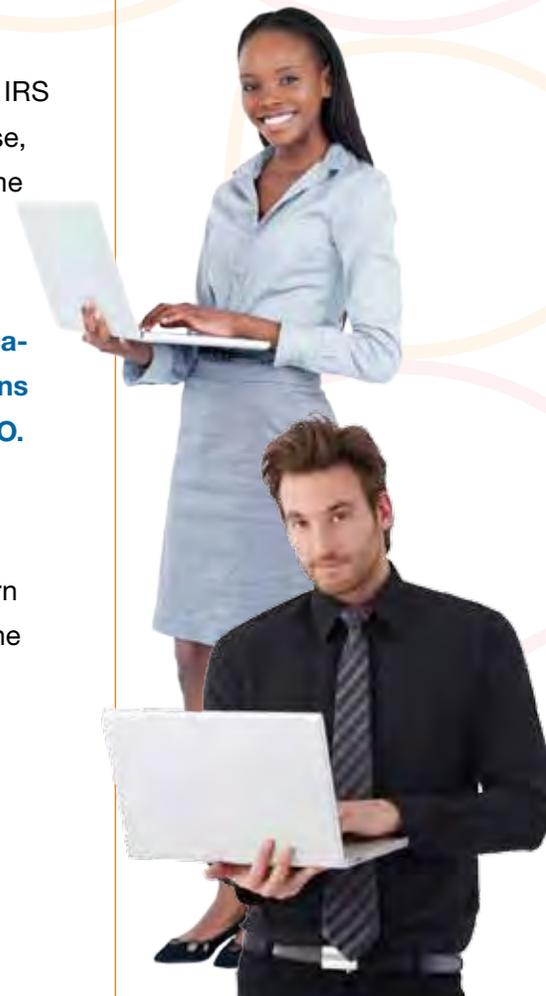
An ERO must clearly display the firm's "doing business as" name at all locations and sites including Web sites at which the ERO or a third party obtains information from taxpayers for electronic origination of returns by the ERO.

An Intermediate Service Provider receives tax information from an ERO (or from a taxpayer who files electronically using a personal computer, modem, 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).

The Intermediate Service Provider has a variety of responsibilities that include, but are not limited to the following:

- Including its Electronic Filing Identification Number (EFIN) and the ERO's EFIN with all return information it forwards to a Transmitter

An ERO must originate the electronic submission of only returns that the ERO either prepared or collected from a taxpayer.



- Serving as a contact point between its client EROs and the IRS, if requested
- Providing the IRS with a list of each client ERO, if requested
- Adhering to all applicable rules that apply to Transmitters

An Intermediate Service Provider must clearly display the firm’s “doing business as” name at all locations and sites including Web sites at which the ERO or a third party obtains information from taxpayers for electronic origination of returns by the ERO.

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. IRS *e-file* specifications are in some of the e-file publications mentioned earlier.

Software Developers must pass either acceptance or assurance testing. If a Provider is a Software Developer that performs no other role in IRS *e-file* but that of software development, its Principals and Responsible Officials do not have to pass a suitability check during the application process.

A Software Developer has a variety of responsibilities that include, but are not limited to the following:

- Promptly correcting any software error causing returns to reject and distributing the correction
- Ensuring its software creates accurate returns
- Adhering to specifications provided by the IRS in publications

A Transmitter transmits electronic tax return information directly to the IRS. A bump-up service provider that increases the transmission rate or line speed of formatted or reformatted information sent to the IRS via a public switched telephone network is also a Transmitter. The IRS accepts transmissions using a variety of telecommunication protocols.

In order to transmit electronic return data directly to the IRS, Transmitters must be equipped with both computer hardware and software that make it possible. Prior to transmitting return data to the IRS, an application requesting the “Transmitter” Provider Option must be submitted, and an EFIN, an ETIN and a password received for testing. Testing that ensures the compatibility of your transmission systems with the IRS systems must be completed to enable transmission of the electronic return data to the IRS.

A Transmitter has a variety of responsibilities that include, but are not limited to the following:

- Ensuring EFINs of Providers are included as required by IRS *e-file* specifications in the electronic return record of returns it transmits

Testing that ensures the compatibility of your transmission systems with the IRS systems must be completed to enable transmission of the electronic return data to the IRS.



- Timely transmitting returns to the IRS, retrieving acknowledgment files, and sending the acknowledgment file information to the ERO, Intermediate Service Provider or taxpayer (for Online Filing)
- Promptly correcting any transmission error that causes an electronic transmission to be rejected

A Transmitter participating as an Online Provider must clearly display the firm’s “doing business as” name at all locations and sites including Web sites at which the Transmitter or a third party obtains information from taxpayers for electronic origination of returns by the ERO.

Not for Profit Providers

All requirements of an Authorized IRS *e-file* Provider (Provider) apply to Not for Profit Providers, unless otherwise noted. See Publication 1345 for additional information.

IRS Sponsored Programs

The IRS sponsored programs, including Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), Outreach, Self-Help and Taxpayer Assistance Centers in IRS offices, may electronically file returns. A VITA or TCE sponsor must obtain the permission of the IRS (and, in the case of a TCE sponsor, the permission of the IRS office that is funding the TCE program) to participate in IRS *e-file*.

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

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

Testing

The purpose of testing is to ensure, prior to live processing, that Providers transmit in the correct format and meet the IRS electronic filing specifications; that returns have few validation or math errors; and that Providers understand the mechanics of IRS *e-file*.

All Software Developers must complete Acceptance or Assurance Testing in accordance with the applicable publication for each type of return. Communication testing is a requirement for Reporting Agents and Transmitters

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

planning to transmit electronic returns to the IRS. Most software packages (IRS accepted e-file software) have communications tests built in so that completing this requirement is relatively easy. Follow the directions in the software or documentation package. If you have problems, you should first contact either the vendor that sold you the software or the technical support operation for the software package.

A Provider can view the test status of each form it transmitted to the IRS by accessing the firm's IRS *e-file* application and clicking on the "FORMS" link. The form/format previously selected for Transmitter Provider Option is displayed in a table along with the status. The status is updated from "test" to "production" when required communication testing is completed. The status is set back to "test" around the end of October for Forms 1040, ETD (electronically transmitted documents), 1041. These are the only forms requiring renewed communications testing prior to each filing season. Software Developers can view the information they provided to the IRS about each of their software packages, the IRS assigned Software ID number, and the test status of a particular package.

If the software appears to be working correctly but you cannot complete the tests, you do not receive acknowledgment files, or experience other problems, contact [e-help](#) at (866) 255 0654 (toll free).

Advertising Standards

"IRS *e-file*" is a brand name. Firms accepted for participation in IRS *e-file* as EROs, Transmitters, Intermediate Service Providers, Reporting Agents and Software Developers are "Authorized IRS *e-file* Providers". Acceptance to participate in IRS *e-file* does not imply endorsement of the software or quality of services provided by the IRS, Financial Management Service (FMS), or Treasury. All Providers must abide by the following advertising standards.

A Provider must comply with the advertising and solicitation provisions of 31 C.F.R. Part 10 (Treasury Department Circular No. 230). This circular prohibits the use or participation in the use of any form of public communication containing a false, fraudulent, misleading, deceptive, unduly influencing, coercive, or unfair statement of claim. A Provider must adhere to all relevant federal, state, and local consumer protection laws that relate to advertising and soliciting.

The Provider must not use improper or misleading advertising in relation to IRS *e-file*. For example, any claim concerning a faster refund by virtue of electronic filing must be consistent with the language in official IRS

The Provider must not use improper or misleading advertising in relation to IRS *e-file*.



publications. The Provider must clearly describe that a financial institution is advancing funds as a loan or will provide the funds for other financial products. The advertisement on a Refund Anticipation Loan (RAL) or other financial product must be easy to identify, and in easily readable print. It must be clear in the advertising that the taxpayer is borrowing against the anticipated refund or obtaining funds from a financial institution, and not obtaining the refund itself from the financial institution.

A Provider must not use the IRS' name, "Internal Revenue Service," or "IRS" within a firm's name. However, once accepted to participate in IRS *e-file*, a firm may represent itself as an "Authorized IRS *e-file* Provider". Advertising materials must not carry the FMS, IRS, or other Treasury Seals. Advertising for a cooperative electronic filing project (public or private sector), must clearly state the names of all cooperating parties.

The IRS does not have a copyright for the IRS *e-file* logo. Use the logo only to indicate that a Provider offers this service to taxpayers or has performed it on behalf of a taxpayer. Providers must not use the logo to portray any other relationship between the IRS and any Provider. In using the IRS *e-file* logo, the Provider must use the following guidelines:

- Do not combine the logo with the IRS eagle symbol, the word "federal", or with other words or symbols that suggest a special relationship between the IRS and the logo user
- Do not place text closer than ¼ inch from the logo
- Do not overprint other words or symbols on the logo
- Do not change the letter spacing or type style

In one-color products, the logo should be printed solid, preferably PMS 285 blue. In multi-color products, print the logo in solid PMS 285 blue with the lightning bolt in solid PMS 109 yellow. When using color systems other than Pantone (PMS), the colors should be as close as possible to the PMS shades.

If a Provider uses radio, television, Internet, signage, or other methods of communication to advertise IRS *e-file*, the Provider must keep a copy and provide it to the IRS upon request, the text or, if prerecorded, the recorded advertisement. A Provider must retain copies until the end of the calendar year following the last transmission or use.

If a Provider uses direct mail, e-mail, fax communications, or other distribution methods to advertise, the Provider must retain a copy, as well as a list or other description of the firms, organizations, or individuals to whom the communication was sent. The Provider must retain the records until the end of the calendar year following the date sent and provide the records to the IRS upon request.

Once accepted to participate in IRS *e-file*, a firm may represent itself as an "Authorized IRS *e-file* Provider".



Monitoring of Authorized IRS e-file Providers

The IRS monitors Authorized IRS *e-file* Providers (Providers) for compliance with the revenue procedure and IRS *e-file* rules and requirements.

Suitability

All Providers, except those that function solely as Software Developers, must pass a suitability check on the firm as well as on all Principals and Responsible Officials of the firm prior to acceptance to participate in IRS *e-file*. To safeguard IRS *e-file*, the IRS completes suitability checks regularly on Providers, Principals and Responsible Officials. If the results of a suitability check indicate that a firm or individual does not meet or adhere to IRS *e-file* requirements, the IRS may revoke or sanction the Provider from participating in IRS *e-file* as explained below.

IRS e-file Monitoring

The IRS monitors Providers through review of IRS records and during visits to Providers' offices and other locations where Providers perform IRS *e-file* activities. During monitoring visits, the IRS may investigate complaints and ensure compliance with IRS *e-file* rules. Monitoring may include, but is not limited to the following:

- Reviewing the quality of IRS *e-file* submissions for rejects and other defects
- Checking adherence to signature requirements on returns
- Scrutinizing advertising material
- Examining records
- Observing office procedures

In addition, the IRS may monitor Providers for compliance with the tax return preparer regulations, including provisions of IRC section 6695(g), which relates to the due diligence requirements for Earned Income Tax Credit claims on individual income tax returns.

Revocation

The IRS may revoke participation of an Authorized IRS *e-file* Provider (Provider), a Principal or a Responsible Official in IRS *e-file* if either a federal court order enjoins them from filing returns, or if they are prohibited by a federal or state legal action that would prohibit participation in *e-file*. A type of such legal action is a Federal Executive Order, including Executive Order

To safeguard IRS *e-file*, the IRS completes suitability checks regularly on Providers, Principals and Responsible Officials.

13224 (September 23, 2001), which involves prohibitions directed at terrorist individuals and organizations.

They are not entitled to an administrative review process for revocation of participation in IRS *e-file* if the IRS denies or revokes a firm, Principal or a Responsible Official because of a Federal Court Order enjoining filing of returns or a federal or state legal action that prohibits participation in filing of returns. If the injunction or other legal action expires or is reversed, the revoked Provider may reapply to participate in IRS *e-file* after the injunction or other legal action expires or is reversed.

Sanctioning

Violations of IRS *e-file* requirements may result in warning or sanctioning Principals, Responsible Officials and the Authorized IRS *e-file* Provider (Provider). The IRS may sanction any Provider when the firm or any of its Principals or Responsible Officials fails to comply with any requirement or any provision of this publication, as well as other publications and notices that govern IRS *e-file*. The IRS may also sanction for the same reasons that it denies an application to participate in IRS *e-file*. See Denial to Participate in IRS *e-file*. Before sanctioning, the IRS may issue a warning letter that describes specific corrective action the Provider must take. The IRS may also sanction without issuance of a warning letter.

Sanctioning may be a written reprimand, suspension or expulsion from participation from IRS *e-file*, or other sanctions, depending on the seriousness of the infraction. The IRS categorizes the seriousness of infractions as Level One, Level Two, and Level Three. The Provider, Principal, or Responsible Official may appeal sanctions through the Administrative Review Process. Suspended Providers and individuals are usually ineligible to participate in IRS *e-file* for a period of either one or two years from the effective date of the sanction, but they may reapply after resolution of suitability issues.

In most circumstances, a sanction is effective 30 days after the date of the letter informing of the sanction or the date the reviewing offices or the Office of Appeals affirms the sanction, whichever is later. In certain circumstances, the IRS can immediately suspend or expel a Provider, Principal or Responsible Official without warning or notice. If a Provider, Principal or Responsible Official is suspended or expelled from participation in IRS *e-file*, every related entity, including those that listed the suspended or expelled Principal or Responsible Official on its IRS *e-file* Application, may also be suspended or expelled.

Sanctioning may be a written reprimand, suspension or expulsion from participation from IRS *e-file*, or other sanctions, depending on the seriousness of the infraction.



The IRS may list in the Internal Revenue Bulletin, newsletters, or other media the name and owner of any entity suspended, expelled, or revoked from participation in IRS *e-file* and the effective date of the IRS action.

Levels of Infraction

Level One Infractions — Level One Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have little or no adverse impact on the quality of electronically filed returns or on IRS *e-file*.

The IRS may issue a written reprimand for a Level One Infraction.

Level Two Infractions — Level Two Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have an adverse impact upon the quality of electronically filed returns or on IRS *e-file*. Level Two Infractions include continued Level One Infractions after the IRS has brought the Level One Infraction to the attention of the Authorized IRS *e-file* Provider (Provider).

Depending on the infractions, the IRS may either restrict participation in IRS *e-file* or suspend the Authorized IRS *e-file* Provider from participation in IRS *e-file* for a period of one year beginning with the effective date of suspension.

Level Three Infractions — Level Three Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have a significant adverse impact on the quality of electronically filed returns or on IRS *e-file*. Level Three Infractions include continued Level Two Infractions after the IRS has brought the Level Two Infraction to the attention of the Provider.

A Level Three Infraction may result in suspension from participation in IRS *e-file* for two years beginning with the effective date of the suspension year, or depending on the severity of the infraction, such as fraud or criminal conduct, it may result in expulsion without the opportunity for future participation. The IRS reserves the right to suspend or expel a Provider prior to administrative review for Level Three Infractions.

Administrative Review

The firm, Principals and Responsible Officials of denied applicants and sanctioned Authorized IRS *e-file* Providers (Providers) are entitled to an administrative review. The administrative review process is usually a two-step process. Firms, Principals or Responsible Officials request administrative review by the office that denied or sanctioned it. If the reviewing office affirms the denial of the sanction, firms, Principals or Responsible Officials



The firm, Principals and Responsible Officials of denied applicants and sanctioned Authorized IRS *e-file* Providers are entitled to an administrative review.

may request an appeal to the IRS Office of Appeals, unless the sanction is a written reprimand. Failure to respond within thirty calendar days of the date of any denial letter or sanction letter irrevocably terminates an applicant's or Provider's right to an administrative review or appeal.

Administrative Review Process for Denial of Participation in IRS e-file

Firms, Principals, or Responsible Officials denied participation in IRS *e-file* usually have the right to an administrative review. They may mail a written response to the address shown in the denial letter within thirty calendar days of the date of the denial letter. The response must address the IRS' reason(s) for denial and have supporting documentation attached. During this administrative review process, the denial of participation remains in effect. Upon receipt of an applicant's written response, the IRS reconsiders its denial of participation in IRS *e-file*. The IRS may withdraw its denial of participation in IRS *e-file* or will issue a second denial letter.

Firms, Principals, or Responsible Officials who receive a second denial letter are entitled to an appeal. They must submit its appeal in writing to the attention of the Office of Appeals by mailing the appeal to the address shown in the second denial letter within thirty calendar days of the date of the denial letter. An applicant's written appeal must contain a detailed explanation, along with documentation supporting why the IRS should reverse the denial.

The Administrative Review Process for Sanctioning

Providers, Principals, and Responsible Officials have the right to an administrative review after the IRS advises of either a proposed or an immediate sanction. They may mail a detailed written explanation with supporting documentation as to why the IRS should withdraw the sanction within thirty calendar days of the date of the letter to the office that issued the letter. During this administrative review process, an immediate sanction remains in effect.

Upon receipt of the Provider's written response, the IRS reconsiders and may either withdraw or affirm the sanction in writing to the Provider. If a Provider, Principal or Responsible Official receives a letter affirming a suspension or an expulsion, they may appeal to the Office of Appeals. The appeal must be in writing and mailed to the IRS office that issued the recommended sanctioning letter within thirty calendar days of the date of the letter recommending the sanction. The written appeal must contain detailed reasons, with supporting documentation, to show why the IRS should not impose the recommended suspension or expulsion.

The written appeal must contain detailed reasons, with supporting documentation, to show why the IRS should not impose the recommended suspension or expulsion.

Appendix

References

e-News for Tax Professionals, provides the latest national news for the tax professional community, as well as links to resources on [IRS.gov](https://www.irs.gov) and local news and events by state. For more information on the electronic subscription services, visit “Tax Professionals” at [IRS.gov](https://www.irs.gov), click on “Subscription Services” under “Tax Professional Topics.”

IRS Web site (IRS.gov), The IRS regularly posts important information, including updates and Frequently Asked Questions (FAQs). Taxpayers can use the IRS Web site to locate the nearest Electronic Return Originators to assist them with e filing returns.

QuickAlerts, provide up to the minute e-file information. It is the IRS’ technology messaging system for Providers. Users receive messages by e-mail. The messages advise of problems that may interrupt processing or acknowledgment of electronically filed returns, publication changes for IRS *e-file* and other information of interest to Authorized IRS *e-file* Providers.

Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns, contains requirements and important information for participating in IRS e-file of Individual Income Tax Returns.

Publication 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns, includes information of particular interest to Providers that transmit or develop software for transmission to the IRS of Individual Income Tax Returns.

Publication 1436, Test Package for Electronic Filers of Individual Income Tax Returns, contains scenarios and instructions for preparing test material for Electronic Filing of Individual Income Tax Returns.

Publication 1437, Procedures for the 1041 e-file Program U.S. Income Tax Return for Estates and Trusts, provides the general requirements and procedures for electronically filing Form 1041 and accompanying forms and schedules.

Publication 1438, File Specifications, Validation Criteria and Record Layouts for The Electronic Filing Program for Form 1041 U.S. Income Tax Return for Estates and Trusts, provides file specifications, validation criteria, record layout, communication procedures and transmission format, as well as annual updates for Form 1041 and the accompanying forms and schedules that can be electronically filed with Form 1041.

Publication 1474, *Technical Specifications Guide For Reporting Agent Authorization For Magnetic Tape/Electronic Filers and Federal Tax Depositors*, contains technical file specifications for Reporting Agents.

Publication 3823, *Employment Tax e-file System Implementation and User Guide*, contains the procedural guidelines and validation criteria for the Employment Tax e-file System.

Publication 4162, *Modernized e-file Test Package for Form 1120/1120S/1120-F/7004*, contains instructions and test case scenarios for Software Developers of 1120/1120S/1120-F/7004 software.

Publication 4163, *Modernized e-file (MeF) Information for Authorized IRS e-file Providers for Business Returns*, contains rules and other specific information for e file of Forms 1120/1120S.

Publication 4164, *Modernized e-file (MeF) Guide for Software Developers and Transmitters*, outlines the communication procedures, transmission formats, business rules and validation procedures for returns e-filed through the Modernized e-file (MeF) system.

Publication 4205, *Modernized e-file Test Package for Exempt Organization Filings*, contains the instructions and test case scenarios for software developers and transmitters to use for Assurance Testing System (ATS) of Forms 990, 990-EZ, 990-N, 990-PF, 1120-POL, and 8868.

Publication 4505, *Modernized e-file Test Package for Forms 1065/1065-B*, contains the instructions and test case scenarios for software developers and transmitters to use for Assurance Testing System (ATS) of Forms 1065/1065-B.

Publication 4594, *Modernized e-file Test Package for Excise Tax e-file*, contains the instructions and test case scenarios for software developers and transmitters to use for Assurance Testing System (ATS) of Forms 720, 2249, and 8849.

Revenue Procedure 2007-40, *Requirements of Participants in the IRS e-file Program*, specifies the requirements for participating as Authorized IRS e-file Providers, and is the official set of rules that govern participation in IRS e-file. The IRS revises the revenue procedure as needed. The IRS may post additional e-file rules to the IRS Web site and include the rules in IRS e-file publications.

Treasury Department Circular No. 230, Regulations governing practice before the Internal Revenue Service.

