



Publication 4163

Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns Tax Year 2009/ Processing Year 2010



INTERNAL REVENUE SERVICE MISSION STATEMENT

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

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ADDENDUM

**IRS *e-file* for Large Taxpayers Filing Their Own Corporate Income Tax Return
(included at the end of this publication).**

PART I

Introduction and General Information

Using Publication 4163

This document generally pertains to Tax Years 2007, 2008 and 2009 returns filed during 2010. Publication 4163 is designed to provide Authorized IRS *e-file* Providers and Large Taxpayers with specific requirements and procedures for electronic filing through the Modernized e-File (MeF) system. IRS *e-file* instructions for Large Taxpayers filing their own corporate income tax returns are included as an addendum to this publication. The procedures in this publication apply to all MeF business *e-file* programs. All publications referenced in this document are available at www.irs.gov. Be sure to check IRS.gov frequently for updated information on e-filing through MeF (<http://www.irs.gov/efile/content/0,,id=171945,00.html>).

General Information

When a new tax form is added to the MeF platform, that form may only be electronically filed during the current processing year (e.g., TY 2009). Furthermore, for any given processing year, MeF will accept returns for the most recent tax year and two prior tax years. For example, during processing year 2010, Form(s) 1120/1120S/1120-F can only be e-filed for TY 2009, TY 2008 and TY 2007.

Authorized IRS *e-file* Providers

Authorized IRS *e-file* Providers are firms and organizations that develop software, originate and/or transmit electronic returns to the IRS, and provide services to a multitude of taxpayer clients. The roles and responsibilities of Providers vary according to the *e-file* activities that firms conduct. A firm identifies its *e-file* activity by selecting the appropriate Provider Option in the IRS *e-file* Application. Each Provider Option entails 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.

Provider Options include:

- Electronic Return Originator (ERO)
- Transmitter
- Software Developer
- Online Provider
- Intermediate Service Provider (ISP)

Definitions of Roles and Responsibilities for Each Provider Option

Electronic Return Originator (ERO)

The 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*. Please refer to Publication 3112 and Revenue Procedure 2007-40 for additional information.

The Origination of an Electronic Return (ERO Responsibilities)

Although an ERO may also engage in return preparation, that activity is separate and distinct 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*. The return must have been either prepared by the ERO **or** collected from a taxpayer. An ERO originates the electronic submission by any one of the following:

- Electronically sending the return to a Transmitter that will transmit the return to the IRS (most taxpayers use this method); or
- Directly transmitting the return to the IRS (rarely used); or
- Providing a return to an ISP for processing, prior to transmission to the IRS (rarely used).

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

- Timely originate the electronic submission of returns;
- Provide copies to taxpayers;
- Retain records and making records available to the IRS; and
- Accept returns **only** from taxpayers and Authorized IRS *e-file* Providers and work with the taxpayer and/or the transmitter to correct a rejected return. If the taxpayer chooses not to have the electronic portion of the return corrected and retransmitted to the IRS, or if the electronic portion of the return cannot be accepted for processing by the IRS, the taxpayer must file a paper return. See Part III under the heading “Transmission Perfection Period” for detailed instructions about filing a paper return.



Taxpayers required to *e-file* their return under Treasury Decision (T.D.) 9363 or Section 1224 of the Taxpayer Relief Act of 1997 must contact the e-help Desk for authorization to file their paper return.

Transmitter

A Transmitter sends the electronic return data directly to the IRS. An ERO may apply to be a transmitter and transmit return data itself, or it may contract with an accepted Third-Party Transmitter to transmit the data.

Transmitter Responsibilities

A Provider participating in MeF as a **Transmitter** must fulfill the requirements below:

- Transmit all electronic portions of returns to the IRS within three calendar days of receipt;
- Retrieve the acknowledgement file within two work days of transmission;
- Match the acknowledgement file to the original transmission file and send or make available the acknowledgement file to the ERO, Intermediate Service Provider or Large Taxpayer for all rejected and accepted returns, within two work days of retrieval;
- Retain an acknowledgement file received from the IRS until the end of the calendar year in which the electronic return was filed (or, for fiscal year filers, for nine (9) months after the transmission date whichever is later);
- Immediately contact the IRS e-help Desk toll-free number 1-866-255-0654 for further instructions if an acknowledgement has not been received within 24 hours of transmission;
- Work with the ERO or Large Taxpayer to promptly correct any transmission error that caused an electronic transmission to be rejected;
- Contact the IRS e-help Desk toll-free number 1-866-255-0654 for assistance if the electronic portion of the return has been rejected after three transmission attempts;
- Ensure the security of all transmitted data; and
- Ensure against the unauthorized use of its EFIN or ETIN. A Transmitter must not transfer its EFIN or ETIN by sale, merger, loan, gift, or any other transaction to another entity.

The Transmitter must notify the ERO, ISP or taxpayer of the following:

Accepted Returns

- Date the return was accepted

Rejected Returns

- Date the return was rejected;
- The Business Rule explaining why the return rejected (Business Rules can be found at IRS.gov, go to <http://www.irs.gov/efile/article/0,,id=171950,00.html> .);
- The steps the ERO or taxpayer need to take to correct any errors that caused the reject.

Software Developer

A Software Developer creates software for the purpose 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 found in Publication 4164. Additional resources, such as the Automated Enrollment User Guide, MeF Submission Composition Guide and MeF State and Trading Partner ICD, can be found at the links listed in Publication 4164, which can be accessed at the following link:
<http://www.irs.gov/pub/irs-pdf/p4164.pdf>.

Software Developers must pass assurance testing (ATS). If an Authorized IRS *e-file* Provider is a Software Developer whose only role in IRS *e-file* is of software development, it's Principals and Responsible Officials need not pass a suitability check during the application process. However, if a Software Developer performs the function of any Provider Options in addition to software development, then suitability checks will apply.

Software developers are not required to retest when new schemas (minor or major) are posted. However, we strongly recommend you use the ATS to retest when you update your software with new schema changes.

Software Developer Responsibilities:

- Adhere to specifications provided in official IRS publications;
- Ensure its software creates accurate electronic returns; and
- Promptly corrects all software errors that cause returns to reject and distributing the corrections to all affected parties.

Online Provider

An Online Provider **participates in Online Filing by** transmitting business income tax return information prepared by a taxpayer using commercially purchased software or software provided by an internet site.

Online Provider Responsibilities

When participating in Online Filing, the Online Provider must:

- Ensure that it uses an EFIN or ETIN obtained for Online Filing;
- Ensure that Intermediate Service Provider's (ISP) EFIN is included in the electronic return data, when applicable;
- Transmit Online returns electronically to the IRS;
- Notify the taxpayer of the status of a return by:
 - sending the acknowledgement to the taxpayer, or Intermediate Service Provider, when applicable, within two work days of retrieving the acknowledgement file from the IRS, or;
 - by mailing written notification to the taxpayer within one work day of retrieving the acknowledgement file;

- Provide the Internet Protocol (IP) information, which consists of the IP Address, IP Date, IP Time and IP Time Zone;
- Only enter into agreements with companies to allow access to Online Filing if the company correctly captures the IP Address of the computer submitting the return and the date, time, time zone of the computer receiving it; and
- Include the Originator Type “Online Filer” in the Return Header.

Intermediate Service Provider

An Intermediate Service Provider (ISP) assists with processing return information between ERO (or the taxpayer in the case of Online Filer) and a Transmitter.

The Intermediate Service Provider Responsibilities:

- Include its Electronic Filing Identification Number (EFIN) and the ERO’s EFIN with all return information it forwards to a Transmitter;
- Serve as a contact point between its client ERO and the IRS, if requested;
- Provide the IRS with a list of each client ERO, if requested; and
- Adhere to all applicable rules that apply to Transmitters.

Large Taxpayer



Publication 4163 includes an addendum with information for “Large Taxpayers”. For purposes of electronic filing, the IRS defines a Large Taxpayer as a business or other entity with assets of \$10 million or more, or a partnership with more than 100 partners, which originates the electronic submission of its own return(s).

The creation of an IRS e-file Application for Large Taxpayers is different than the Authorized IRS e-file Providers Application. Therefore, Large Corporations should carefully read the Addendum to this publication, “IRS e-file for Large Taxpayers Filing Their Own Corporate Income Tax Return December 2009” for specific information.

Communicating with IRS

The following resources are available to Providers to obtain IRS *e-file* information:

The IRS **e-help Desk** (1-866-255-0654) (1-512-416-7750 Outside U.S. & U.S. Territories) provides MeF assistance for both software and communication testing for corporate, partnership, excise and tax exempt returns throughout the filing season. The e-help Desk also provides assistance on the e-Services Registration and IRS *e-file* Application processes.

Contact the e-help Desk for comments or suggestions regarding Publication 4163 or technical questions regarding e-filing Forms 1065, 1065-B, 720, 8849, 2290, 7004, 1120, 1120S, and 1120-F.

Modernized e-File (MeF) Status Page at

<http://www.irs.gov/efile/article/0,,id=168537,00.html> provides information on:

- Current system status;
- System Maintenance;
- Notification of unplanned system interruptions and processing delays; and
- Volume of Accepted Returns by Form Type
-

QuickAlerts is a free online service that disseminates e-file messages, within seconds, to all subscribers. This service keeps Tax Professionals up to date on the events that impact e-file Transmitters, Authorized e-file Providers and e-file Software Developers through out the filing season and beyond.

After subscribing, Authorized IRS e-file Providers can receive communications 24 hours a day, 7 days a week, regarding processing delays, IRS e-file program updates, and early notification of upcoming seminars and conferences. New subscribers may sign up through the "[subscription page](#)" link provided at the [QuickAlerts "More" e-file Benefits for Tax Professionals](#) page on www.irs.gov.

The subject line of a QuickAlerts will usually identify the targeted audience (such as Software Developers and Transmitters, and/or Electronic Return Originators) and the targeted group (Individual e-file or Business e-file).

For additional information and assistance on MeF and forms and publications, see the list of resources below:

TOPIC	SERVICE	PHONE NUMBER
Electronic Funds Withdrawal (Direct Debit) Deposits	Check the status of payments or cancelled warehoused (deferred) payments	1-888-353-4537
Publications and Tax Forms	Obtain IRS publications and tax forms by phone or go to http://www.irs.gov/formspubs/index.html	1-800-829-3676
Draft Tax Forms And Instructions	Obtain draft versions of IRS tax forms and instructions http://www.irs.gov/app/picklist/list/draftTaxForms.html	1-800-829-4933
Tax Help	Request IRS Tax Assistance for corporate, partnership or tax exempt returns	1-800-829-4933

IRS also provides **e-mailboxes** for stakeholders to submit questions, suggestions or comments regarding MeF forms or processing issues. If your inquiry requires research, we will acknowledge the receipt of your email along with a statement that you will be contacted again once the research is completed. Contact the e-mailbox that is relevant to the specific form(s) about which you have questions:

Form	e-mail Address	Other Information
Large Taxpayers (1120/1120-F/1120S)	LargeCorporate@irs.gov	This mailbox is designed to answer questions concerning the requirement for corporations to <i>e-file</i> . Questions related to systemic issues should be directed to the e-help Desk at 1-866-255-0654.
990 990-EZ 990-N 990-PF 1120-POL 8868	TEGE-EO-efile@irs.gov	This mailbox is designed to answer questions concerning the requirement for tax exempt organizations to <i>e-file</i> . Questions related to systemic issues should be directed to the e-help Desk 1-866-255-0654.

Helpful Publications or Information

The publications in the table below can be accessed by any of the following methods:

1. Clicking on the links in the table
2. Accessing irs.gov and clicking on the “More forms and publications” link on the home page and selecting “Publication Number” in the heading “Download forms and publications by” (<http://www.irs.gov/formspubs/index.html>). You can also request these publications in XML or SGML format by clicking on the “List files in XML/SGML” link.
3. Accessing the following link: [IRS e-file Technical Publications \(http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html\)](http://www.irs.gov/taxpros/providers/article/0,,id=97974,00.html)
4. Searching on irs.gov “Keyword/Search Terms” box.

PROCESS	PROVIDER OPTION	PUBLICATION DESCRIPTION AND/OR LINK
e-Services Registration	All	https://la1.www4.irs.gov/e-Services/Registration/index.htm Screen shots of the Registration process: http://www.irs.gov/pub/irs-utl/eservices_registration_process.pdf Allows individuals to do business electronically with IRS through a one-time, universal registration process
Creating an IRS <i>e-file</i> Application	EROs Transmitters Software Developers Online Providers ISPs	Publication 3112 (IRS <i>e-file</i> Application and Participation) http://www.irs.gov/pub/irs-pdf/p3112.pdf Information on how to create an IRS <i>e-file</i> Application. Successful completion of the IRS <i>e-file</i> Application provides the Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) (if necessary) to originate and transmit returns to IRS.
	Large Taxpayers	Addendum: IRS <i>e-file</i> for Large Taxpayers Filing Their Own Corporate Income Tax Return Information on how to create an IRS <i>e-file</i> Application specific to Large Taxpayers. Successful completion of the IRS <i>e-file</i> Application provides an Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) necessary to originate and transmit returns to IRS.

PROCESS	PROVIDER OPTION	PUBLICATION DESCRIPTION AND/OR LINK
Assurance Test System (ATS) Testing	All	<p>Publication 4162 (Modernized e-File Test Package for Forms 1120/1120-F/1120S) (Includes 7004 tests) http://www.irs.gov/pub/irs-pdf/p4162.pdf</p> <p>Publication 4505 (Modernized e-File Test Package for Forms 1065/1065-B) http://www.irs.gov/pub/irs-pdf/p4505.pdf</p> <p>Publication 4205 (Modernized e-File Test Package for Exempt Organization Filings) http://www.irs.gov/pub/irs-pdf/p4205.pdf</p> <p>Publication 4594 (Modernized e-File Test Package for Forms 2290, 8849 and 720) http://www.irs.gov/pub/irs-pdf/p4594.pdf</p> <p>Instructions and test case scenarios for software developers, transmitters and Large Taxpayers to use for Assurance Testing System (ATS). Use the specific Publication for the form(s) you will be transmitting to IRS.</p> <p>All the test publications can be found on the "Current User Guides and Publications" on irs.gov at http://www.irs.gov/efile/article/0,,id=171946,00.html</p>
Technical Information	Software Developers and Transmitters	<p>Publication 4164 (Modernized e-File Guide for Software Developers and Transmitters)</p> <p>Contains communications procedures, transmission formats, business rules and validation procedures for returns e-filed through MeF http://www.irs.gov/pub/irs-pdf/p4164.pdf</p>
Current Schema Known e-file Issues & Solutions	Software Developers and Transmitters	<p>Current Schema Known e-file Issues & Solutions</p> <p>Contains temporary solutions for known issues found in current schema versions http://www.irs.gov/efile/article/0,,id=212180,00.html</p>
Attachments to Exempt Organization returns Forms 990 990-EZ 990-PF 1120-POL	EROs and Software Developers	<p>Publication Description and/or Link: Forms and Attachment Listing A list of all attachments, forms and schedules that can be filed with exempt organization returns (990, 990-EZ, 990-PF, 1120-POL) http://www.irs.gov/efile/article/0,,id=214054,00.html</p>
Attachments to tax returns Form 1120/1120S/ 1120-F	EROs and Software Developers	<p>Forms and Attachment Listing</p> <p>A list of all attachments, forms and schedules that can be filed with corporate tax returns (1120/1120S/1120-F) http://www.irs.gov/pub/irs-utl/1120_form_family_ty2009_form_listing.pdf</p>

Overview and Benefits of Modernized e-File (MeF)

The Modernized e-File (MeF) system was developed to provide a standardized format using the widely accepted Extensible Markup Language (XML) format and standardized transmission methods for e-filed returns. IRS works regularly with stakeholders (accounting firms, practitioners, states and software developers) to identify and resolve issues relative to MeF return and downstream processing. MeF also provides:

- **More explicit error conditions** – Plain English explanations in the Acknowledgement File pinpoint the location of the error in the return and provide complete information.
- **Faster acknowledgements** – Transmissions are processed upon receipt and acknowledgments are returned in near real-time.
- **Integrated refund and payment options** – Refunds can be electronically deposited in your bank account or balance due payments can be electronically withdrawn from your bank account. Payments are subject to limitations of the Federal Tax Deposit Rules found in Publication 3151 located at <http://www.irs.gov/pub/irs-pdf/p3151.pdf>
- **MeF accepts supporting forms/schedules** – **Forms** 1120, 1120-F, 1120S, 7004, 990, 990-EZ, 990-N, 990-PF, 1120-POL, 8868, 1065, 1065-B, 720, 2290, 8849 and their supporting forms and schedules can be e-filed in MeF (see the applicable “Supporting Forms and Schedules” link in this document).
- **24/7 transmissions** – MeF allows transmitters to send transmissions to the IRS year round, except for a short cutover period at the end of the calendar year.
- **MeF is completely paperless** – Taxpayers using a third-party practitioner can use the Practitioner PIN option (see “Instructions for Form 8879” in this document). Forms 8453-C, 8453-S, 8453-I, 8453-PE, 8453-B, 8453-EX and 8453-EO can be printed, signed by the Corporate Officer or Principal (and, when applicable, the ERO and/or Paid Preparer) and then scanned and attached to the return as a Portable Document Format (PDF) file. All other attachments for which XML schemas have not been developed can be attached as PDF files.
- **MeF supports previous-year filings** – MeF can process the current and two previous years of returns. For Processing Year 2010, taxpayers can *e-file* returns for TY2009, TY2008 and TY2007.

Forms for Tax Year 2009 (Processing Year 2010)

Beginning January 4, 2010, MeF can process all the following **parent forms** in XML. A complete listing of forms, including new forms, that MeF accepts can be found on IRS.gov at <http://www.irs.gov/efile/article/0,,id=214054,00.html>

Extension Applications

- **Form 7004** (Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns)
- **Form 8868** (Application for Extension of Time To File an Exempt Organization Return)

Corporate Returns

- **Form 1120** (U.S. Corporation Income Tax Return)
- **Form 1120-F** (U.S. Income Tax Return of a Foreign Corporation)
- **Form 1120S** (U.S. Income Tax Return for an S Corporation)

Tax Exempt/Government Entity Returns

- **Form 990** (Return of Organization Exempt From Income Tax)
- **Form 990-EZ** (Short Form Return of Organization Exempt From Income Tax)
- **Form 990-N** (Electronic Notice [e-Postcard] for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ)
- **Form 990-PF** (Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation)
- **Form 1120-POL** (U.S. Income Tax Return for Certain Political Organizations)

Partnership Returns

- **Form 1065** (U.S. Return of Partnership Income)
- **Form 1065-B** (U.S. Return of Income for Electing Large Partnerships)

ETEC (Excise Tax and e-filing Compliance Returns)

- **Form 2290** (Heavy Highway Vehicle Use Tax Return)
- **Form 720** (Quarterly Federal Excise Tax Return)
- **Form 8849** (Claim for Refund of Excise Taxes)

New MeF Forms and Schedules for Tax Year 2009

- Schedule G (Form 1120), Information on Certain Persons Owning the Corporation's Stock
- Schedule K (Form 1118), Foreign Tax Carryover Reconciliation Schedule
- Form 8926, Disqualified Corporate Interest Expense Disallowed Under Section 163(j) and Related Information
- Schedule B-1 (Form 1065), Information on Partners Owning 50% or More of the Partnership
- Form 8849 (Schedule 1) Nontaxable Use of Fuels
- Form 8849 (Schedule 2) Sales by Registered Ultimate Vendors
- Form 8849 (Schedule 8) Registered Credit Card Issuer

New Processes/Procedures for Tax Year 2009 (Processing Year 2010)

10-Day Transmission Perfection Period

The perfection period in which to perfect a rejected electronically transmitted return has changed from 20 days to 10 days. This change is effective for all returns filed in processing year 2010.

Amended Return and VIN Correction Checkbox for Form 2290

An amended return checkbox and VIN correction checkbox were added to Form 2290.

Form 1120-F Business Rules for Amended Returns

Form 1120-F will have a separate set of Business Rules for Tax Year 2009 Amended Returns. This will allow all 1120-F filers to submit the amended return with only the changed items.

The Form 1120-F Acknowledgment

The Form 1120-F acknowledgment will return amounts for taxable income and total tax. This is consistent with what is done with Forms 1120 and 1120S.

The Element “SpecialConditionDescription”

The element “SpecialConditionDescription” was added to all MeF parent forms for use in situations that may affect e-filing during the processing year without having to update schemas with specific literals. Such situations might include, but are not limited to, natural disasters, changes to late legislation, recent Revenue Procedures, etc. MeF will issue Quick Alerts and post information to the “Known *e-file* Issues and Solutions” file on IRS.gov when the SpecialConditionDescription may be used.

A2A Strong Authentication (applies to transmitters only)

Strong Authentication is the preferred method of authentication for A2A transmissions, but has not been made mandatory at this time; however, users need to prepare as the IRS will require Strong Authentication in the near future. It is strongly suggested that you start testing and using certificates as soon as possible. It is recommended that a new ATS client be added for developing and testing digital signature code for MeF processing prior to converting existing client applications over to use strong authentication. Contact the e-help Desk at 1-866-255-0654 to request a copy of the Automated Enrollment User Guide.



MeF was scheduled to stop supporting passwords after December 2008 and require all A2A systems use certificates for authentication in January 2009. This change was not implemented. Passwords will continue to be accepted until IRS notifies transmitters that certificates must be used.

General Dependency

The General Dependency was created to allow for the submission of information that is not specified in a predefined schema. Beginning in Processing Year 2010, there will be three General Dependencies available for use.

Rule Enabling Filing Requirement Check for 1120S

A business rule has been enabled to validate the filing requirement for Form 1120S returns except for returns with Box G checked, identifying first-time filers.

Late Tax Legislation

Check IRS.gov for specific information on tax legislation which may affect MeF forms. IRS will provide guidance for any late-breaking tax legislation and its impact on e-filing in MeF.

Tax Relief in Disaster Situations

Special Tax provisions may help businesses recover financially from the impact of disasters. For additional information refer to Disaster Assistance at:

<http://www.irs.gov/businesses/small/article/0,,id=156138,00.html>

The Requirement to *e-file*

While millions of taxpayers voluntarily *e-file*, certain corporations, partnerships, and tax exempt organizations are required to *e-file*. Over the past several years, regulations were issued by the Department of the Treasury requiring these entities to *e-file*. Complete regulations and the history of the requirement to *e-file* can be found on irs.gov at the following websites:

Corporations (1120/1120-F/1120S):

<http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>



Foreign Corporations (1120-F): Treasury Decision (T.D.) 9363 provides authorization to extend the requirement to *e-file* for certain corporations, including Form 1120-F. **For tax years ending on or after December 31, 2008, foreign corporations who file Form 1120-F and meet the T.D. 9363 criteria are required to *e-file* their return(s).** Be sure to check IRS.gov for the latest information on the requirement to *e-file* this form. (<http://www.irs.gov/businesses/corporations/article/0,,id=179809,00.html>)

Partnerships (1065/1065-B):

<http://www.irs.gov/businesses/partnerships/index.html>



Treasury Regulations Section 301.6011-3(a) provides that if a partnership with more than 100 partners is required to file a partnership return, the information required by the applicable forms and schedules must be filed electronically, unless a waiver from the electronic filing requirement has been granted. Returns filed electronically must be made in accordance with applicable revenue procedures or publications. Announcement 2002-3 excludes Fiscal Year filers for Tax Year 2001 only.

Tax Exempt/Government Entities (990, 990-N, 990-PF) (There is no requirement to e-file Forms 990-EZ or 1120POL): <http://www.irs.gov/efile/article/0,,id=108211,00.html>

Excise Tax Returns (Form 2290): <http://www.irs.gov/efile/article/0,,id=170570,00.html>

Note: Corporations, partnerships or tax exempt organizations **not meeting the criteria** set out for their particular form in Treasury Decision (T.D.) 9363 and the Taxpayer Relief Act of 1997, Section 1224 (December 31, 2000), and American Jobs Creation Act (October 2004) are excluded from the requirement to *e-file*. However, these entities are encouraged to *e-file* voluntarily.

Part II

MeF Rules and Requirements

Participating in the IRS *e-file* Program

Note: Details for those Large Taxpayers required to electronically file their own income tax return may be found in the Addendum to this publication.

To begin e-filing tax returns or developing tax preparation software for the submission of returns to the IRS, you must apply and be accepted as an Authorized IRS *e-file* Provider.

To **apply for IRS *e-file***, you must first **register** with e-Services. This is a one-time, universal registration process that authenticates individuals and allows them to conduct business electronically with the IRS. Complete instructions for registering for e-Services can be found at IRS.gov (<http://www.irs.gov/taxpros/article/0,,id=109646,00.html>).

Once you have successfully registered and confirmed your registration, you will need to **complete an online IRS *e-file* Application** for your business location. Part I of this document and Publication 3112, *IRS e-file Application and Participation*, explain the different types of Provider Options and the roles and responsibilities of being an Authorized IRS *e-file* Provider. This also includes information on passing suitability and other requirements.

Note: Software developers with no other Provider options (ERO, Transmitter, etc.) are not required to undergo suitability.



It is recommended that you complete the e-Services registration and IRS *e-file* Application process **at least 45 days before** you plan to *e-file* any returns.

In order to transmit returns directly to IRS, all Providers must designate one or more representatives on the IRS *e-file* Application as their MeF Internet Transmitter (IFA) and/or MeF System Enroller (A2A).

Revenue Procedure 2007-40, 2007-26(http://www.irs.gov/irb/2007-26_IRB/ar13.html) Internal Revenue Bulletin (IRB) which was published on June 25, 2007, supersedes Revenue Procedure 2005-60 2005, 35 IRB 449. Revenue Procedure 2007-40 informs Authorized IRS *e-file* Providers of their obligations to the IRS, taxpayers, and other participants in the IRS *e-file* program.

Maintaining Your IRS *e-file* Application

Important information on maintaining your IRS *e-file* Application:

1. **Form Types** - your IRS *e-file* Application must be current and must list all the form types (1120, 1065, 990, etc.) that you plan to originate and transmit to the IRS. If you have an up-to-date IRS *e-file* Application on file with the IRS, you will avoid having any returns rejected for return type. Please note all the forms that each family includes (e.g., the 1120 family includes 1120, 1120S, 1120-F and

7004; the 1065 family includes 1065, 1065-B and 7004). Check each box that pertains to all the forms you want to *e-file*.

2. **Maintain your IRS e-file Application** - you need to update your IRS *e-file* Application to remove any Principal, Responsible Official or Delegated User who no longer works with your organization and who is no longer assigned the designated responsibility on the Application.
3. **Responsible Officials and Delegated Users must change their passwords every 180 days.** You must keep your e-Services password active to maintain your IRS *e-file* Application.

If your Password or PIN has expired, is forgotten, or lost, you must repeat the Authentication and Confirmation process using the “Expired, Forgotten or Lost Password or PIN” [Expired, Forgotten or Lost Password or PIN](#) link on the e-Services login page. You will be required to create both a new Password and PIN. You will need your username, SSN, date of birth and shared secrets. We will issue a registration confirmation code to you via the U.S. Postal Service if the information you provide matches our data. To complete your registration you must log back into our web site within 28 days of your registration submission and enter the confirmation code you received.



You should also keep all other information (i.e. addresses, phone numbers) on the application current to avoid having your ETIN/EFIN disabled

Adherence to MeF Rules

All Providers must adhere to IRS *e-file* rules and requirements to continue participation in IRS *e-file*. Certain requirements are included in Revenue Procedure 2007-40, 2007-26 (http://www.irs.gov/irb/2007-26_IRB/ar13.html), Internal Revenue Bulletin (IRB) which was published on June 25, 2007, and supersedes Revenue Procedure 2005-60 (2005-35 IRB 449). Adherence to all rules and requirements is expected of all Providers, 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 of requirements, while not all-inclusive, applies to all Authorized IRS *e-file* Providers of corporate income tax returns, tax exempt organization returns, excise returns and partnership returns.

- Maintain an acceptable cumulative error or reject rate;
- Adhere to the requirements for ensuring that tax returns are properly signed;
- Include the ERO’s EFIN as the return EFIN for returns the ERO submits to an Intermediate Service Provider or Transmitter;
- Include the Intermediate Service Provider’s EFIN in the designated Intermediate Service Provider field in the electronic return record and
- Submit an electronic return to the IRS with information that is identical to the information provided to the taxpayer.

The above rules do not apply to Software Developers who do not engage in any IRS e-file activity (i.e. transmitting returns) other than software development.

Protecting Taxpayer Information (Gramm-Leach-Bliley Act of 1999 & Federal Trade Commission Rules)

Title V of the Gramm-Leach-Bliley Act (GLB Act) of 1999 set the policy that “financial institutions” have an obligation to respect the privacy of, and protect the security and confidentiality of their customers’ nonpublic personal information. “Financial institutions” is defined in GLB Act – 15 USC Subchapter II, as “any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution”, and are significantly engaged in financial activities. “Financial institutions” include tax preparation firms as well as their affiliates. Refer to 16 CFR 313.2 and 313.3 for more information on the definition of “financial institutions”.

The GLB Act directed the Federal Trade Commission (FTC) to establish the Financial Privacy Rule and the Safeguards Rule. These rules apply to “financial institutions”. The Financial Privacy Rule requires companies to give consumers privacy notices that explain the institutions' information-sharing practices. In turn, consumers have the right to limit some - but not all - sharing of their information. The Safeguards Rule requires “financial institutions” under FTC jurisdiction to have measures in place, such as a written information security plan, to keep customer information secure. The Safeguards Rule also applies to recipients and service providers to “financial institutions”. Thus, tax preparation firms that collect nonpublic personal information from customers have an obligation to make sure that their service providers safeguard the information.

FTC advises, “The Financial Privacy Rule does not supersede the restrictions in section 7216. The GLB Act and the Agencies' implementing regulations do not authorize a “financial institution” to disclose nonpublic personal information in a way that is prohibited by some other law. Therefore, you [financial institutions] may not avoid the restrictions of section 7216 by providing customers with an opt-out notice and a reasonable opportunity to opt-out.”

The GLB ACT, the Financial Privacy Rule and the Safeguards Rule cover volunteer tax assistance services. The Financial Privacy Rule does not apply to businesses such as Payroll Service Providers whose customers are other businesses and not individual consumers.

The FTC website www.ftc.gov provides documents, guidance, and useful information about the GLB Act, the Financial Privacy Rule and the Safeguards Rule.

Safeguarding MeF from Fraud and Abuse

Safeguarding Taxpayer Information

IRS Publication 4557, Safeguarding Taxpayer Data: A Guide for Your Business, located at <http://www.irs.gov/pub/irs-pdf/p4557.pdf> provides guidance on federal and state information security laws and regulations, as well as industry standards and best practices. Providers should read this publication to ensure they are handling taxpayer data in the manner prescribed by law.

IRS Publication 4600, Safeguarding Taxpayer Information: Quick Reference Guide for Business, located at, <http://www.irs.gov/pub/irs-pdf/p4600.pdf> is a new tri-fold brochure that summarizes and introduces Publication 4557. Businesses can use the brochure as an information security awareness and marketing tool.

If you have any comments on Publication 4557 or Publication 4600, please send an e-mail to Safeguard.data.tp@irs.gov

Safeguarding Against Fraud and Abuse

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. Neither the IRS nor Providers benefit when fraud or allegations of abuse tarnish the integrity and reputation of 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*.

Each Principal, Responsible Official and Delegated User is responsible for ensuring they conform to IRS *e-file* rules and requirements. Providers with problems involving fraud and abuse may be suspended or expelled from the IRS *e-file* program, may be assessed civil and preparer penalties or may be subject to legal action.

To learn about the integrity of MeF data and security during transmission of MeF returns over the Internet, go to IRS.gov (<http://www.irs.gov/efile/article/0,,id=146388,00.html/>).

Disclosure of Tax Return Information

Under 26 CFR §301.7216, disclosure of tax return information among Authorized IRS *e-file* Providers for the purpose of preparing a tax return is permissible. For example, an ERO may pass on tax return information to an ISP and/or a Transmitter for the purpose of having an electronic return formatted and/or transmitted to the IRS. However, if the tax return information is disclosed or used in any other way, an Intermediate Service Provider and/or a Transmitter may be subject to the penalties described in §301.7216 and/or the civil penalties in Internal Revenue Code (IRC) §6713 for unauthorized disclosure or use of tax return information.

Submitting a Timely-Filed Electronic Tax Return

All prescribed due dates for filing paper income tax returns apply to electronic returns. All Providers must ensure that returns or applications for extensions of time to file are timely processed. (See information in Part III for information concerning [\[Electronic Postmarks\]](#)).

An electronically-filed return is not considered filed until the electronic portion of the tax return has been acknowledged by the IRS as “Accepted” for processing. Remember that to be accepted, all e-filed returns must have a signature – either an attached PDF signature document (Forms 8453 series) or through use of the Practitioner PIN method (Forms 8879 series). (See Part III [Signing an Electronic Return](#) for more information).

Transmitters may provide electronic postmarks to taxpayers if the Transmitters adhere to the requirements in Part III of this publication. The receipt of an electronic postmark will provide taxpayers with confidence that they have filed their return timely. All requirements for signing the return, as well as resubmitting a rejected timely-filed return, must be adhered to for the electronic postmark to be considered the date of filing.

Preparer Penalties

Preparer penalties may be asserted against an individual or firm meeting the definition of an income tax preparer under IRC §7701(a) (36) and IRC §301.7701-15. Preparer penalties that may be asserted under appropriate circumstances include, but are not limited to, those set forth in IRC §6694, 6695, and 6713.

Under IRC §301.7701-15(d), Authorized IRS *e-file* Providers are not income 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, ISP, Transmitter, or the tax preparation product of a Software Developer alters the return information in a non-substantive way, this alteration will be considered to come under the “mechanical assistance” exception described in IRC §301.7701-15(d). A non-substantive change is a correction or change limited to a transposition error, misplaced entry, spelling error, or arithmetic correction.

If an ERO, ISP, Transmitter, or the tax preparation product of a Software Developer alters the return in a way that does not come under the “mechanical assistance” exception, the Authorized IRS *e-file* Provider may be considered income preparers for purposes of asserting income tax return preparer penalties. See IRC §301.7701-15; Rev. Rul. 85-189, 1985-2 C.B. 341 which describes a situation in which the Software Developer was determined to be an income tax return preparer and subject to certain preparer penalties.

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

For further information about rules for tax preparers who are authorized to *e-file*, see Publication 3112 at <http://www.irs.gov/pub/irs-pdf/p3112.pdf>.

Paperwork Reduction Act Notice

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. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. § 6103.

This information is required to implement IRS *e-file* and to enable taxpayers to file their corporate, partnership and tax-exempt organization income tax returns electronically. The information will be used 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 collection of information is required to retain the benefit of participating in IRS *e-file*. The likely respondents are business or other for-profit institutions.

Provider Responsibilities in Obtaining, Handling, and Processing Return Information from Taxpayers

Note: Details for those Large Taxpayers required to electronically file their own income tax return may be found in the Addendum to this publication.

Making Substantive Changes to the Return

An ERO that chooses to originate returns that it has not prepared, but only collected, becomes an income 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 when it makes these changes. As such, the ERO may be required to sign the tax return as the tax return preparer.



A substantive change is one in which the “Total Income” amount differs by more than \$150 or the “Taxable Income” amount differs by more than \$100. For a return with a substantive change, see the Attention symbol under “Signing an electronic return” for new taxpayer signature requirements.

Providing a Copy of the Return to the Taxpayer

An ERO is required to submit an electronic return to the IRS with information that is identical to the information provided to the taxpayer and provide a complete copy of the return filed with the IRS to the taxpayer. This can be in any media acceptable to both the taxpayer and the Provider. A complete copy of a taxpayer's return consists of the electronic portion of the return, including all schedules, forms, PDF attachments and jurat's which were filed with the IRS. The copy provided to the taxpayer must include all information submitted to the IRS to enable the taxpayer to determine what schedules, forms, electronic files and other supporting material has been filed with the return. The copy, however, need not contain the taxpayer identification number of the Paid Preparer. The electronic portion of the return can be contained on a replica of an official form or on an unofficial form. On an unofficial form, however, data entries must be referenced to the line numbers or descriptions on an official form.

The taxpayer should be advised to retain a complete copy of the return and any supporting information. It is recommended to retain this information for a minimum of three years from the due date or extended due date of the tax return. This corresponds to the Statute of Limitations for that tax period, which is generally is 3 years from the date the tax return is filed.

Part III

MeF Information Applicable to All Form Types

Preparing Your Return

Most corporations, partnerships and tax-exempt organizations have used software to prepare their returns for years. Whether you prepare your own return or have a third-party tax professional prepare it, you need to ensure that the software you purchase has all the forms and schedules you need to file your return. Not all software providers support all forms and schedules. It is the taxpayer's responsibility to verify that its software provider supports all the forms and schedules required by the taxpayer including the ability to file amended tax returns and/or short period returns, if necessary.

Those software developers who have passed ATS can be found on IRS.gov at the following sites:

Form	List of Authorized IRS e-file Providers
1120/1120-F/1120S/7004	http://www.irs.gov/efile/lists/0,,id=119096,00.html
1065/1065-B	http://www.irs.gov/efile/lists/0,,id=100940,00.html
990/ 990N/990-EZ/ 990-PF/1120-POL/8868	http://www.irs.gov/efile/lists/0,,id=119598,00.html
720	http://www.irs.gov/efile/lists/0,,id=176152,00.html
2290	http://www.irs.gov/efile/lists/0,,id=172865,00.html
8849	http://www.irs.gov/efile/lists/0,,id=182699,00.html

Validating Your Return

Validating your *e-file* return involves running the diagnostics built into the software used to prepare your return. IRS provides software developers all the business rules and XML schema requirements needed for each form and schedule to build into their software (See [Exhibit 4](#)). To ensure that the electronic return is complete and contains all required information, please follow the steps below:

1. Prepare the return using IRS-approved software that has all the forms and schedules you need to file
2. Check/validate the return to make sure that it includes all forms, schedules, and attachments that are required to be filed with your return
3. Check/validate the return to make sure that it will be accepted by IRS
4. Receive proper authorization to *e-file* the return
5. Transmit the return

When your return is transmitted to IRS, each of the XML schema requirements and business rules are checked. If there are no errors, your return will be accepted. If your return fails any of the business rules or schema requirements, the transmitter receives an acknowledgement from the IRS with the error description(s). If you are using a Third-Party Transmitter, they must notify you of the reject.

Return/Extension Due Date Tables

The return due date and extended due date tables for TY 2009 for each MeF form can be found on IRS.gov at: <http://www.irs.gov/efile/article/0,,id=213823,00.html>

Short Period Returns (Corporate and Partnership Returns)

MeF accepts short period corporate and partnership returns.

Current Year Software is Available

When a taxpayer needs to file a short period return and the current year software is available, ensure that the Tax Year in the Return Manifest and Return Header reflect the Tax Year of the schemas being used (e.g., in the current year, use TY2009). Then, enter the actual Beginning and Ending Date of the short period return (e.g., 11/01/2009 – 01/31/2010).

Current Year Software is Not Available

In certain situations, a taxpayer may need to file a short period return before their software is ready for the next tax year. For instance, at the beginning of calendar year 2010, a taxpayer may need to file a short period TY2009 return with Tax Period Beginning Date 01/01/09 and Tax Period Ending Date 01/31/09. Such a return would normally be filed on TY2009 software, but in this scenario the TY2009 software may not yet have been developed. In this case, the taxpayer may use TY2008 software. Ensure that the Tax Year in the Return Manifest and Return Header reflect the Tax Year of the TY2008 schema and then enter the actual Beginning and Ending Dates of the short period return (i.e., 01/01/2009 - 01/31/2009). The return must reflect the laws applicable to the TY2009 return even though the schema being used is a TY2008 schema. When a short period corporate return is filed, regulations may require the taxpayer to attach **Form 1128**, provide an **explanation of** why the short period return is being filed, and/or cite the **applicable Revenue Procedure** (Rev. Proc.).

Note: Once current year TY 2009 software becomes available, it must be used to prepare the short period TY 2009 return.

If you use the **Form 1128**, attach it to the top level of the return as a PDF file and describe it as "Form 1128 for Short Period Return".

If a Revenue Procedure is required to be cited on the tax return, then the schema provides the ability to indicate "Pursuant to Rev. Proc. 2006-45" or "Pursuant to Rev. Proc. 2006-46".

To prevent processing delays, indicators were added to the 1120, 1120S and 1120-F schemas which include a list of valid reasons for filing a short period return. The indicator for the 1120 and 1120-F returns is named shortPeriodReason11201120FInd. The indicator for the 1120S returns is shortPeriodReason1120SInd. If the reason for your short period return is not on this list, use the General Dependency to indicate the reason that a short period return is being filed.

The General Dependency may be submitted in the General Dependency XML document or in a PDF file. Provide the regulatory citation and explanation in the General Dependency PDF file with the description "Short Period Return Explanation."

Note: The values transmitted in the return must be labeled precisely using one of the following values. Failure to name these items exactly as shown will cause the return to reject with a schema reject.

Valid reasons for Forms 1120 or 1120-F short period returns:

- National Office Grant Letter
- Filed under Revenue Procedure 2006-45 or 2006-46
- Notation referring to Section 898 (c)((1) A)
- Election Change in taxable year under Section 898 (c)(2)
- Section 1398 Election
- Second Short Year after Section 1398 Election
- Section 444 Election Terminated

Valid reasons for Form 1120S short period returns:

- National Office Grant Letter
- Filed Under Revenue Procedure 2006-46
- S Election Termination or revocation is checked
- Statement on Qualifying Disposition under Reg. 1.1368-1(g)(2)(i)
- Statement on Termination of Shareholders Interest under Reg. 1377(a)(2) and 1.1377-(1)b
- Statement referring to S Election and taxpayer is changing to 12/31 calendar year end
- Statement the S corporation is coming out of consolidation
- Statement the corporation is a qualified sub chapter S subsidiary
- Section 444
- 1120S Box A contains a date which matches the Tax Period Begin Date
- Section 1398 Election
- Second Short Year after Section 1398 Election

Superseding and Amended Returns

The MeF system processes both superseding and amended returns for Forms 1120, 1120S, 1120-F, 1065 and 1065-B. MeF only processes amended returns for Forms 990, 990-EZ, 990-PF and 1120-POL. The table below indicates the form types for which superseding and amended returns can be processed through MeF (A=amended return, S=superseding return and N/A= not applicable).

Tax Year	1120	1120S	1120-F	1065	1065-B	990 Series	2290
2007	A/S	A/S	A	A/S	A/S	A	N/A
2008	A/S	A/S	A/S	A/S	A/S	A	N/A
2009	A/S	A/S	A/S	A/S	A/S	A	A

If a taxpayer is required to *e-file* in tax years ending on or after December 31, 2007, and needs to file an amended or superseding return, the amended or superseding return must also be e-filed. Any taxpayer who has received an approved waiver from IRS to file on paper is exempted from this requirement. For tax years 2005 and 2006, which

are no longer available on MeF, if the taxpayer was previously required to *e-file* and is now filing an amended return, they are exempt from the *e-file* requirement and should file using the existing paper process. The taxpayer is not required to request a waiver in this situation.

Note: For TY2008 and TY2009, corporate amended returns with carryback claims may be e-filed as long as the carryback claim box is checked. Corporate amended returns with carryback claims prior to TY2008 are exempt from the *e-file* requirement and should be filed using the existing paper process.

Superseding Returns

A **superseding return** is a return filed subsequent to the originally-filed return but **filed within the filing period, including extensions**.

Note: A “Superseding Return” checkbox is available on certain MeF business returns however; this checkbox is not available on their paper counterparts.

For more information on corporate superseding returns, see IRS.gov.
(<http://www.irs.gov/businesses/corporations/article/0,,id=202446,00.html>).

For partnership returns, see <http://www.irs.gov/efile/article/0,,id=200519,00.html>

For Forms 990, 990-EZ, 990-PF, 1120-POL, and 2290, you can file a “Superseding Return” within the filing period (including extensions) by checking the “Amended Return” box in the MeF XML schema. This avoids the possibility of a reject for a duplicate filing of that return.

A superseding return must be a complete XML filing of the entire return, with all required forms, schedules and attachments (XML or PDF, if applicable). For Forms 1065, 1065-B, 1120, 1120S, 1120-F, a taxpayer filing a superseding return must select the Superseded Return checkbox (designation) in the software, otherwise, the return will reject as a duplicate filing. All of the business rules enforced for e-filing original returns are also enforced for superseding returns.

Amended Returns

An **amended return** is a return filed subsequent to the originally-filed or superseding return and **filed after the expiration of the filing period (including extensions)**.

Note: An “Amended Return” checkbox is available on certain MeF business returns however; this checkbox is not available on their paper counterparts.

The MeF amended return mirrors the paper amended return filing, i.e., it is a subset of information from the original return. For 1120, 1120S, 1120-F, 1065, and 1065-B amended returns; the taxpayer should include the main form and any changes that were made. To facilitate this for 1120, 1120S and 1120-F amended returns, only a subset of business rules will be enforced. This subset is posted on IRS.gov.

For 1065 and 1065-B, all of the business rules for e-filing original returns will be enforced for amended returns.

Most taxpayers who *e-file* an amended return have previously e-filed the underlying original tax return. In these situations, the easiest process for e-filing the amended return is simply to update the original return for the changed items. Once the return has been updated with the changes, attach the required XML document (see below) and any other supporting explanations and *e-file* the amended return, ensuring that the Amended Return checkbox is selected.

Amended returns require **at a minimum**:

1. The corrected Form 1120, 1120S, or 1120-F, completed in its entirety (all pages of the return) with the Amended Return checkbox selected.
2. All forms, schedules and attachments that changed or that support changes on the amended Form 1120, 1120S, or 1120-F including any subsidiary returns (if changed) and the information to support those changes.
3. One of the following:
 - For Form 1120 – Attach to the amended Form 1120, the XML Form 1120X completed through Part I, line 10 or 11, as applicable, and Part II with the line number of each amended item, the corrected amount or treatment of the item, and an explanation of the reasons for each change.
 - OR**
 - For Forms 1120S and 1120-F – Attach to the amended Form 1120S or Form 1120-F, the XML document, AmendedReturnChanges, which identifies the line number of each amended item, description, the amount on the previous return, the amount on the amended return, and an explanation of the reasons for each change.
4. A signed signature document (Form 8453-C/S/I) as applicable or use of a Practitioner's Pin.
5. Appropriate forms to make a payment, request a refund or request a credit carryover to another year.

For Forms 1065, 1065-B, 990, 990-EZ, 990-PF, 1120-POL, and 2290, there is an "Amended Return" box in the XML schema. For these amended returns, a subset of business rules is currently not in place. In order to pass the business rules for these forms, you need to complete the entire return and all applicable fields. MeF can accept *e-filed* amended returns for Forms 1065, 1065-B, 990, 990-EZ, 990-PF, 1120-POL for Tax Year 2007 and forward. MeF can accept *e-filed* amended returns for Forms 1120-F and 2290 for Tax Year 2007 and forward.

(Note: An amended return for Form 720 (Form 720X) must be filed using the existing paper procedures.)

For information on Forms 1065/1065-B amended returns, see IRS.gov.
<http://www.irs.gov/efile/article/0,,id=200519,00.html>

Signing an Electronic Return

A “return” filed through MeF is a composite of electronically transmitted data. As with any income tax return submitted to the IRS on paper, an electronic income tax return must be signed by an authorized tax return signer of the entity type (corporation, partnership, or exempt organization), the ERO (if applicable) and the paid preparer (if applicable). If the electronic return does not have an appropriate signature (see below), the return will be rejected. Treasury Decision (T.D.) 9300 provides guidance on signing requirements for each return type.

The MeF system requires taxpayers and Providers to use one of two signature methods for signing electronic returns. The two available options are the Practitioner PIN (Personal Identification Number) method using Form 8879 and the Scanned Form 8453 method.

Practitioner PIN (Personal Identification Number) Signature Method

The Practitioner PIN option can **only** be used if the taxpayer uses an ERO. Follow the processes below to sign the return electronically:

1. The ERO contacts the taxpayer and asks them to choose a five-digit, self-selected Personal Identification Number (PIN) as their electronic signature. The taxpayer can authorize the ERO to input this in the software (by phone, fax, etc.), or they can come to the ERO’s office and enter the PIN directly into the software.
2. The ERO completes and prints out the appropriate Form 8879 (each is tailored to a parent form; see the list below) and includes the taxpayer’s self-selected PIN and their own PIN. The ERO’s electronic signature is comprised of an 11-digit PIN. The first six positions of the PIN are made up of the ERO’s Electronic Filing Identification Number (EFIN) and the next five positions will be made up of numeric characters that the ERO chooses.

(Note: The ERO must sign and complete the requested information in the “Declaration of Electronic Return Originator [ERO]” section after thoroughly reading the declaration. An ERO may authorize members of its firm or designate employees to sign for the ERO, but the ERO is still responsible for all electronically filed returns originated by its firm. EROs do not have to disclose their Employer Identification Number (EIN) or Social Security Number (SSN) on the copies they provide to taxpayers.)

3. If the return was prepared for a fee, the ERO must ensure that the Paid Preparer also signs the jurat. If the paid preparer is also the ERO, the preparer may check the “Also the Paid Preparer” box and not complete the “Paid Preparer’s Use Only” section. Paid Preparers do not have to disclose their SSNs or EINs on the copies they provide to taxpayers.
4. The ERO must retain the Form 8879 for three years from the return due date, extended due date or the IRS received date, whichever is later. The ERO should provide a copy of the Form 8879 to the taxpayer, along with other return data as required. As stated before, these forms should not be mailed to the IRS.

As the ERO completes the XML schema return header, the following fields are required for the Practitioner PIN method or the return will be rejected.

- Practitioner PIN
- PIN Entered By Indicator
- Name of Officer
- Title of Officer
- Taxpayer PIN
- Date Signed

Signature authorization is made on the following Forms 8879 for corporate, partnership, tax-exempt organizations and excise tax filers: The forms are available for downloading at IRS.gov:

For Form 1120:

Form 8879-C (PDF) IRS *e-file* Signature Authorization for Form 1120
<http://www.irs.gov/pub/irs-pdf/f8879c.pdf>

For Form 1120S:

Form 8879-S (PDF) IRS *e-file* Signature Authorization for Form 1120S
<http://www.irs.gov/pub/irs-pdf/f8879s.pdf>

For Form 1120-F:

Form 8879-I (PDF) IRS *e-file* Signature Authorization for Form 1120-F
<http://www.irs.gov/pub/irs-pdf/f8879i.pdf>

For Forms 990, 990EZ, 990-PF, 1120-POL and 8868:

Form 8879-EO (PDF) IRS *e-file* Signature Authorization for an Exempt Organization
<http://www.irs.gov/pub/irs-pdf/f8879eo.pdf>

For Form 1065:

Form 8879-PE (PDF) IRS *e-file* Signature Authorization for Form 1065
<http://www.irs.gov/pub/irs-pdf/f8879pe.pdf>

For Form 1065-B:

Form 8879-B (PDF) IRS *e-file* Signature Authorization for Form 1065-B
<http://www.irs.gov/pub/irs-pdf/f8879b.pdf>

For Forms 720, 2290 and 8849:

Form 8879-EX (PDF) IRS *e-file* Signature Authorization for Forms 720, 2290, and 8849
<http://www.irs.gov/pub/irs-pdf/f8879ex.pdf>

Scanned Form 8453 Signature Method

The Scanned Form 8453 method involves signing a document and attaching it to your electronic return. The authorized tax return signer of the entity type (corporation, partnership, exempt organization) signs the appropriate form (see list below). The form is then scanned and attached to the electronic return as a Portable Document Format (PDF) file. The tax preparation software you select will provide instructions on how and where to attach this document to your electronic return. The scanned Form 8453 attachment must be described in the return software as “8453 Signature Document”.

The Form 8453 series may be used as declaration of the taxpayer used to sign the electronic return. This document is a jurat, an affidavit in which the taxpayer attests to the truth of the information contained in the return and attached return information. It has the same legal effect as if the taxpayer had actually and physically signed the return.

These forms have been created specifically for each parent return type and need to be signed and dated by the authorized tax return signer of the entity type (corporation, partnership, or exempt organization). Once signed and dated, they are to be scanned and submitted with the e-filed return as a PDF file. Signing and dating the Forms 8453 authorize the ERO, transmitter, or ISP to send the return to the IRS. The jurat includes the taxpayer's declaration under penalties of perjury that the return is true, correct and complete, as well as the taxpayer's Consent to Disclosure. The **Consent to Disclosure** authorizes the IRS to disclose information to the taxpayer's Authorized IRS *e-file* Provider (See each individual Form 8453 for specifics on the extent of disclosure authorized.) Intermediate Service Providers, Transmitters and EROs are authorized to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS.



If the electronic return data on a corporate income tax return is changed after the taxpayer signed the jurat, the taxpayer must sign a new Form 8453 if the "Total Income" amount differs by more than \$150 or the "Taxable Income" amount differs by more than \$100.

A copy of the signed form should be retained by the corporation, partnership or tax exempt organization but should not be mailed to the IRS.

(Note: IRS will not accept these documents submitted in paper.)

Signature authorization is made on the following Forms 8453 for corporate, partnership, tax-exempt organizations and excise tax filers. The forms are available for downloading at <http://www.irs.gov/formspubs/index.html> on IRS.gov:

Form 1120:

Form 8453-C U.S. Corporation Income Tax Declaration for an IRS *e-file* Return
<http://www.irs.gov/pub/irs-pdf/f8453c.pdf>

Form 1120S:

Form 8453-S U.S. S Corporation Income Tax Declaration for an IRS *e-file* Return
<http://www.irs.gov/pub/irs-pdf/f8453s.pdf>

Form 1120-F:

Form 8453-I Foreign Corporation Income Tax Declaration for an IRS *e-file* Return
<http://www.irs.gov/pub/irs-pdf/f8453i.pdf>

Form 1065:

Form 8453-PE U.S. Partnership Declaration and Signature for Electronic Filing
<http://www.irs.gov/pub/irs-pdf/f8453pe.pdf>

Form 1065-B:

Form 8453-B U.S. Electing Large Partnership Declaration for an IRS *e-file* Return

<http://www.irs.gov/pub/irs-pdf/f8453b.pdf>

For Forms 990, 990-EZ, 990-PF, 1120-POL and 8868:
Form 8453-EO Exempt Organization Declaration & Signature for Electronic Filing
<http://www.irs.gov/pub/irs-pdf/f8453eo.pdf>

For Forms 720, 2290 and 8849:
Form 8453-EX (PDF) Excise Tax Declaration for an IRS *e-file* Return
<http://www.irs.gov/pub/irs-pdf/f8453ex.pdf>

Note: Form 2290 on-line filers not using an ERO should refer to Publication 4164 for alternative signature requirements (<http://www.irs.gov/pub/irs-pdf/p4164.pdf>)

Applications for Extension of Time to File (Forms 7004 and 8868)

If no payment is attached with the extension, then there is no signature requirement on Form 7004.

However, if providing a payment with Form 7004, you must use the Practitioner PIN or the ACH Debit Agreement Indicator to sign the extension application and payment.

If using an ERO, you may use the Practitioner PIN method to sign your extension.

If not using an ERO, then the ACH Debit Agreement Indicator is the option you must use to sign your return. Check with your software developer for further instructions.

Form 8868 (Application for Extension of Time to File an Exempt Organization Return) Part I no longer requires a signature. However, if providing a payment with Form 8868, you may use either the Practitioner PIN or the scanned Form 8453 method to submit the extension application and payment.

Other Forms and Elections Requiring Signatures

Many forms that may be attached to MeF forms have separate signature lines. IRS' Chief Counsel reviewed regulations to identify forms and elections that require a separate signature to determine if the requirements can be changed. Treasury Decision (T.D.) 9300 contains amendments to the Income Tax Regulations (26 CFR Part 1) and Procedure and Administration Regulations (26 CFR part 301). This decision also eliminates some of the regulatory requirements considered impediments to the electronic submission of tax returns and other forms filed by corporations, partnerships and other businesses with regard to third party signature requirements. These regulations impeded electronic filing by requiring taxpayers to;

- 1) include third party signatures on their tax returns;
- 2) to attach documents or statements generated by third parties; or
- 3) sign an IRS form and file it as an attachment to their income tax return.

Signature Requirements for Elections

IRS Chief Counsel has provided guidance in T.D. 9264 and T.D. 9300 that allows corporations to retain the supporting documentation in their offices versus providing it to IRS with the return.

Attaching Portable Document Format (PDF) Files

Portable Document Format (PDF) files attached to a return must contain a meaningful file name and description. The description will be used when the IRS displays the name of the attachment for example, "Foreign Tax Credit Carryover". (See Exhibit 5 for recommended names and descriptions for PDFs). We recommend that PDF files be attached at the top-level return unless there is a reason it needs to be attached at a form level or to one of the GeneralDependency schemas.

The reference is created from the element to the Binary Attachment XML document, not to the PDF file. If no reference is created to the Binary Attachment XML document, then the PDF file is considered to be "attached" to the Submission. Creating reference(s) to PDF files is needed when the IRS specifies the conditions under which the reference must be created, and the reference locations within return data where the reference must exist. In order to facilitate the processing of your return, do not password protect or encrypt PDF attachments submitted through MeF.

Special Instructions for Supporting Data Required by Form 8865

In many instances information on schedules attached to Form 1065 will be the same schedules required to be filed with Form 8865 (Return of U.S. Person with Respect to Certain Foreign Partnerships). If a taxpayer has already prepared Form 1065 and has completed Schedules B, D, K, K1, L, M-1, M-2, do **NOT** attach the Form 1065 schedules to the return. Instead, copy the data from the Form 1065 schedules to the corresponding Form 8865 schedules.

Name Controls

Name Control matching is a process in MeF that checks the Employer Identification Number (EIN) and Name Control of the filer against the IRS' National Account Profile (NAP) database. Name Control mismatch is one of the most common causes for rejects of returns in MeF (Business Rule F1120-307 for Form 1120 for example). It is very important to ensure that the submitted return has the correct Name Control.

The IRS uses the following rules to check Name Controls. Generally, the Business Name Control is derived from the first four characters of the business name and consists of up to four alpha and/or numeric characters. If you are unable to determine your business name control after reading the rules below, contact the IRS Business & Specialty Help Line (1-800-829-4933) and advise that you need to verify your

organization's Name Control so that you can e-file your return. Below are websites for more detailed information on Name Control:

Corporations: <http://www.irs.gov/businesses/corporations/article/0,,id=155677,00.html>

Partnerships: <http://www.irs.gov/efile/article/0,,id=200524,00.html>

Name Control - General Information:

- The Name Control consists of up to four alpha and/or numeric characters.
- The Name Control should be determined from the information specified on the first name line. Generally, the Name Control is derived from the first four characters of the entity name.
- The ampersand (&) and hyphen (-) are the only special characters allowed in the Name Control.
- The Name Control can be fewer than four characters, but not more. Blanks may be present only at the end of the Name Control.
- Note: Do not include "DBA" or "dba" (doing business as) as part of the Name Control.

Name Control Valid Characters:

- Numeric (0- 9)
- Alpha (A-Z)
- Hyphen (-),
- Ampersand (&)

Name Control Special Rule:

- If an invalid character is used in the name line, drop the special character from the taxpayer's name. Example: "4U.com" should be "4UCO".

The following examples should assist you in establishing the correct Name Control. Please note that many software developers have built the IRS' Name Control parameters into their software.

Name Control (Underlined)	Name Control	Rule
<u>Sumac</u> Field Plow Inc. <u>11TH</u> Street Inc. <u>P & P</u> Company <u>Y-Z</u> Drive Co <u>ZZZ</u> Club <u>Palm</u> Catalpa Ltd. <u>Fir</u> Homeowners Assn.	SUMA 11TH P&PC Y-ZD ZZZC PALM FIRH	Derive the Name Control from the first four significant characters of the corporation name.
The <u>Willow</u> Co. <u>The Hawthorn</u>	WILL THEH	When determining the business name control, omit "The" when it is followed by more than one word. Include the word "The" when it is followed by only one word.

Name Control (Underlined)	Name Control	Rule
<u>John</u> Hackberry PA <u>Sam</u> Sycamore SC <u>Carl</u> Eucalyptus M.D.P.A.	JOHN SAMS CARL	If a business name contains any of the following abbreviations, treat as the business name of a corporation: PC – Professional Corporation SC – Small Corporation PA –Professional Association PS --Professional Service
The <u>Joseph</u> Holly Fund The <u>Joseph</u> Holly Foundation <u>Kathryn</u> Fir Memorial Fdn.	JOSE JOSE KATH	Apply Name Control rules when the organization name contains “Fund”, “Foundation” or “Fdn”.
<u>City</u> of Fort Hickory Board <u>Walnut</u> County Employees Association <u>Rho</u> Alpha Chapter Alpha Tau Fraternity <u>House</u> Assn. of Beta XI Chapter of Omicron Delta Kappa	CITY WALN RHOA HOUS	Apply the Name Control rules to chapter names of national fraternal organizations.

In addition to the above Name Control rules, Tax Exempt Organizations use the following Name Control rules:

Exempt Organization Name Control (Underlined)	Name Control	Rule
Local 210 <u>International</u> Post 3120, <u>Veterans</u> of Wars AFL-CIO <u>Laborer's</u> Union <u>BPOE</u> Benevolent Order of Elks AMVETS <u>American</u> Veterans Southbend <u>American</u> Legion <u>Boy</u> Scouts of America (BSA)	INTE VETE LABO BENE AMER AMER BOYS	The Name Control is the first four characters of the national title.
<u>Parent</u> <u>Teacher's</u> <u>Association</u> of <u>Vermont</u> <u>PTA</u> of <u>Georgia</u>	PTAV PATG	The Name Control is “PTA” plus the first letter of the state, whether or not the state name is present as part of the name of the organization.
Diocese of Kansas <u>ST.</u> <u>Rose's</u> Hospital <u>ST.</u> <u>Silver's</u> Church Diocese of Lani Building Fund, <u>ST.</u> <u>Bernard's</u> Church	STRO STSI STBE	For churches and their subordinates, (i.e., nursing homes, hospitals) derive the Name Control from the legal name of the church.
Committee to elect <u>John</u> Smith Citizens for <u>John</u> Doe Friends of <u>Janice</u> Doe	JOHN JOHN JANI	Derive the Name Control of Political Organizations from the first four characters of the individual's name.

Addresses

Domestic Address Changes

MeF accepts all domestic address changes provided by the taxpayer in the entity portion of the parent return. In the case of a consolidated return, the name change is effective only for the top consolidated entity. The “Name or Address Change” checkbox should be checked. The entered address will become the taxpayer’s new “official address of record” within IRS’ Master File. The IRS uses a taxpayer’s address of record for various notices that are required to be sent 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 using Direct Deposit).

An ERO’s address should generally not be entered in fields reserved for taxpayers’ addresses in the electronic return record or on signature documents (e.g., Form 8453-C, 8453-S, 8453-B, 8453-EO and 8453-I). The only exceptions are (1) if the ERO is the taxpayer or (2) if the address of a power of attorney for the taxpayer for the tax return is the same as the address of the ERO.

Make sure to check [Exhibit 1](#) at the end of this Publication for Standard State Address Abbreviations and Valid Postal ZIP Codes as recognized by the U.S. Postal Service.

Foreign Addresses

An income tax return or extensions (except for Form 990-PF) with a foreign address in the entity portion of the return may be filed electronically as long as the foreign address is formatted correctly.

MeF also accepts changes to foreign addresses. IRS will update the business’ entity information with the change of address. The entered address will become the taxpayer’s new “official address of record” within IRS’ Master File. The IRS uses a taxpayer’s address of record for various notices that are required to be sent 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 using Direct Deposit).

Some returns, forms or attachments require the preparer to enter the two-character Foreign Country Code. This code should always be the code of the Foreign Country or Foreign Sovereignty as recognized by the United States Department of State.

See [Exhibit 2](#) at the end of this Publication for the accepted Foreign Country Codes.

For example; Scotland, Wales, and England are part of the foreign country United Kingdom. The Foreign Country Code for United Kingdom is “UK”. The Balearic Islands are a part of Spain and should be coded as Spain, “SP”. These are just a few examples. When entering foreign addresses on the return or form, the state or republic (such as Scotland or England) can be entered with the city; “London, England” and the country as “United Kingdom” or “UK”.

Foreign Country Codes for Forms 8858 and 926

Form instructions for the 8858 and 926 specify that a foreign address has to be entered with the country name using the full country name rather than an abbreviation. However, taxpayers e-filing this form through MeF should continue to use a country code for the country name. The form instructions may be updated in the future to reflect this process for electronic filing.

North American Industry Classification System (NAICS) Codes

To facilitate the administration of the Internal Revenue Code (IRC), a principal business activity and associated code are used to classify an enterprise by the type of activity in which it is involved. These principal business activity codes are based on the North American Industry Classification System (NAICS). [Exhibit 3](#) provides a list of the valid Principal Business Activity Codes (NAICS Codes).

Refunds

Refunds

There are several options available regarding refunds through MeF:

- Apply it to next year's estimated tax
- Receive it as a Direct Deposit or paper check
- Split it between a portion applied to next year's estimated tax and the remainder received as Direct Deposit or paper check.

Taxpayers often elect the Direct Deposit option because it is the fastest way of receiving refunds. Providers must accept any Direct Deposit election to any eligible financial institution designated by the taxpayer. Refunds may be designated for Direct Deposit to qualified accounts in the taxpayer's name. Qualified accounts include savings, checking, share draft, or consumer asset accounts (for example, IRA or money market accounts).

Refunds may not be designated for Direct Deposit to credit card accounts. Qualified accounts must be held by financial institutions within the United States. Qualifying institutions may be national banks, state banks (including within the District of Columbia and political sub-divisions of the 50 states), savings and loan associations, mutual savings banks, and credit unions.

Check or share draft accounts that are "payable through" another institution may not accept Direct Deposits. A taxpayer should verify Direct Deposit policy of its financial institution before electing this option.

A taxpayer choosing Direct Deposit must supply its Provider with account numbers and routing numbers for qualified accounts. This information is best obtained from official financial institution records, account cards, checks or share drafts that contain the taxpayer's name and address.

A Provider must not charge a separate fee for Direct Deposit and must accept any Direct Deposit election by a taxpayer to any eligible financial institution. The Provider

must advise the taxpayer that a Direct Deposit election cannot be rescinded. In addition changes cannot be made to routing numbers of financial institutions or to the taxpayer's account numbers after IRS has accepted the return. The Provider must not alter the Direct Deposit information in the electronic record after a taxpayer has signed the tax return.

Providers serving repeat customers or clients should verify account and routing numbers each year, since some software programs store the previous year's information and will reuse the data unless it is changed. Taxpayers will not receive Direct Deposit of their refunds if account information is not updated to reflect current information.

Refunds that are not Direct Deposited because of institutional refusal, erroneous account or routing numbers, closed accounts, bank mergers, or any other reason will be issued as paper checks, resulting in refund delays of up to ten weeks. While the IRS will ordinarily process a request for Direct Deposit, it reserves the right to issue a paper check and does not guarantee a specific date by which the refund will be deposited into the taxpayer's account. Neither the IRS nor Financial Management Service (FMS) is responsible for the misapplication of a Direct Deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, Authorized IRS *e-file* Provider, financial institution, or any of their agents.

Providers should advise taxpayers that they can avoid refund delays by having all of their taxes and obligations paid, providing current and correct information to the ERO, ensuring that all financial institution account information is up-to-date and carefully checking their tax return information before signing the return.

Payments

Balance Due Returns

Taxpayers who owe additional tax must pay their balances due 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 a balance due. Providers should inform taxpayers of their obligations and options for paying balances due. Taxpayers have several choices when paying any taxes owed on their returns as well as estimated tax payments.

If you are requesting an extension of time to file Form 1042, see the deposit rules in the instructions for the form to determine how payment must be made.

Electronic Funds Withdrawal (EFW)

The MeF Program will allow a taxpayer to pay the balance due on Form 1120/1120-F/1120S/1120-POL/990-PF/1065/1065-B/720/2290 tax returns or the applications for extension of time to file forms (7004/8868) by authorizing an electronic funds withdrawal. If the taxpayer chooses this payment method, they may authorize the entire

payment (not to exceed 200% of the balance shown on the return) or a partial payment to be made at the time that their tax return/extension form is electronically filed.

Note: For Forms 7004 and 8868, the payment must equal the amount shown as the balance due.

The taxpayer must specify the bank account from which it wishes to have the payment withdrawn and the date on which the withdrawal will be made. This allows the taxpayer to either pay the balance due as soon as the tax return or form is processed or schedule the payment for withdrawal on a future date, not later than the return's due date. For returns transmitted after the due date, the payment date must be the same as the date the return is transmitted. Domestic corporations must deposit all income tax payments by the due date of the return using either the Electronic Federal Tax Payment System (EFTPS) or Form 8109 Federal Tax Deposit Coupon. If the corporation expects to have a net operating loss carryback, the corporation can reduce the amount to be deposited to the extent of the overpayment resulting from the carryback, provided all other prior year tax liabilities have been fully paid and Form 1138, Extension of Time for Payment of Taxes by a Corporation Expecting a Net Operating Loss Carryback, is filed with Form 7004. Additional EFTPS information is available on [irs.gov](http://www.irs.gov/efile/article/0,,id=98005,00.html) at <http://www.irs.gov/efile/article/0,,id=98005,00.html>.

The filing of Form 7004 or Form 8868 does not extend the time to pay tax. If the entity is a corporation or affiliated group of corporations filing a consolidated return, the corporation must remit the amount of the unpaid tax liability shown on line 8 on or before the due date of the return.

If you file Form 7004 electronically, you can pay by Electronic Funds Withdrawal (EFW). If you are using an ERO, then you must enter a Practitioner PIN (see Form 8878-A). If you are not using an ERO, then an ACH Debit Agreement Indicator must be included in the XML file.

If the electronic funds withdrawal (EFW) is authorized, an IRS Payment record must be attached to the electronic return/extension and an EFW consent statement must be signed.

Note: For consolidated returns, the payment record can only be attached at the top level return. Any payment attached otherwise will not be processed.

The following information is required in the payment record:

- Routing Transit Number
- Bank Account Number
- Account Type
- Payment Amount
- Requested Payment Date
- Taxpayer's Daytime Phone Number

It is important to note that the 10-day [transmission perfection](#) period does not apply to payments. If a submission was rejected, a return can be corrected within 10 days and

be given the received date of the original rejected return. When a return is rejected on the due date, it is recommended that the EFW payment not be transmitted with the return. The balance due can be paid through EFTPS through the mail or delivered with Form 8109, Federal Tax Coupon, to an authorized depository (i.e., a commercial bank or other financial institution authorized to accept Federal Tax Deposits).

If taxpayers do not provide all of the required information, Providers must contact the taxpayers. If the Provider is unsuccessful in obtaining the electronic funds withdrawal information, but the returns are otherwise complete, the Provider should proceed with the origination of the electronic return data to the IRS. The Provider must timely notify the taxpayer in writing that other arrangements must be made to pay the balance due.

Revoking or Cancelling EFW Payments

To revoke or cancel any EFW payment, or if there is a change to the bank account information provided on the return or form, you must contact the U.S. Treasury Financial Agent at 1-888-353-4537 (toll free) to cancel the scheduled payment. Cancellation requests must be received no later than 8:00 p.m., Eastern Standard Time, at least two business days prior to the scheduled payment date. To confirm receipt of your payment, you should call 1-800-829-4933 ten (10) days after the requested payment date. When calling, please be ready to provide the Employer Identification Number, the payment amount, and the bank account number.

Check Payments

Balance due payments may be made by mailing a check. Payments do not have to be mailed at the same time an electronic return is transmitted. 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.

A foreign corporation that needs to make a payment but that **does not** maintain an office or place of business and does not bank in the United States, cannot pay using EFW or EFTPS. These corporations will need to pay using checks or money orders. On all checks or money orders, you should write the entity's taxpayer identification number (TIN), the type of tax return, and the tax year to which the payment applies. The check or money order should be made payable to "United States Treasury."

Electronic Federal Tax Payment System (EFTPS)

Balances due and estimated taxes can be paid year round using the Electronic Federal Tax Payment System (EFTPS). Taxpayers enroll in EFTPS-Online via an official government site on the Internet, using a user-friendly Web interface. After enrollment, taxpayers receive a confirmation package by mail with instructions. For more information on electronic deposit options, visit <http://www.irs.gov/efile/article/0,,id=97400,00.html> / and click on "Electronic Federal Tax Payment System".

Domestic corporations must deposit all income tax payments by using the Electronic Federal Tax Payment System (EFTPS) or with Form 8109 (Federal Tax Deposit Coupon) by the due date of the return. If the corporation expects to have a net operating

loss carryback, the corporation can reduce the amount to be deposited to the extent of the overpayment resulting from the carryback, provided all other prior year tax liabilities have been fully paid and Form 1138, Extension of Time for Payment of Taxes by a Corporation Expecting a Net Operating Loss Carryback, is filed with Form 7004.

Foreign corporations that maintain an office or place of business in the United States should pay their tax as described above for domestic corporations.

If your return is rejected, the time to make a timely payment has lapsed and you still need to make a payment, please make a Federal Tax Deposit through the Electronic Federal Tax Payment System (EFTPS). If you are not enrolled in the EFTPS, you can complete and take Form 8109 Federal Tax Deposit Coupon with the payment to an authorized depository. All business taxpayers are authorized to use EFTPS. If you would like to enroll in the EFTPS by phone, you can call 1-800 316-6541 or 1-800 945-8400 or visit the website at www.eftps.gov

Special Instructions When Copies of Original Forms are Required

Special attention should be paid when instructions call for processing a form prior to filing the electronic return. For example, instructions may indicate that Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax should be filed prior to filing the return in order to receive a quick refund. In such circumstances, the taxpayer should paper file Form 4466 with the appropriate IRS Submission Processing Center. A copy of Form 4466 should be attached to the electronic return, for informational purposes, but this electronic version of Form 4466 **will not** be processed.

There are other forms that may fall in this category. Special attention should be paid when instructions require that a form be processed prior to the filing of an electronic return. When paper forms are required to be filed prior to the filing of a return, and electronic copies of such forms are attached to electronic returns, MeF will keep copies of these forms for informational purposes only.

Submitting the Electronic Return to the IRS

An ERO must originate the electronic submission of a return as soon as possible after it is signed by an authorized tax return signer of the entity type (corporation, partnership, or exempt organization), the ERO and the paid preparer (if applicable).

An ERO must ensure that stockpiling of returns does not occur at its offices. Stockpiling refers to either collecting returns from taxpayers or from another Authorized IRS *e-file* Provider prior to official acceptance in IRS *e-file*. 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. Returns held until the date on which electronic returns may first be transmitted to the IRS are not considered stockpiled.

In order to facilitate the processing of your return, do not password protect or encrypt PDF attachments submitted through MeF.

Record Keeping and Documentation Requirements

Providers must retain the information listed below until the end of the calendar year in which the return was filed or until nine months after a fiscal year return was filed, whichever is later:

- A copy of signed IRS *e-file* Consent to Disclosure forms for taxpayers who signed using a scanned signature form (applicable Form 8453);
- 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;
- The acknowledgement file for IRS accepted returns including: and
- The acknowledgement for all extensions.

For any period of time during which the Provider's main office is closed, required records may be retained at the business address of a Responsible Official listed on their *e-file* Application. Providers must make the records available to the IRS upon request.

Forms 8879-A, 8879-B, 8879-C, 8879-EO, 8879-I, 8879-PE, and 8879-S (Practitioner PIN method of electronically signing the return by the ERO and Taxpayer) must be retained by the provider and made available to the IRS in the same manner described above. These forms must be retained for three years from the due date of the return, extended due date, or the IRS received date, whichever is later.

Providers may electronically image and store all paper records they are required to retain for IRS *e-file*. This includes signed signature documents as well as any supporting documents not included in the electronic record. The storage system must satisfy the requirements of Revenue Procedure 97-22, *Retention of Books and Records*. Briefly, the electronic storage system must ensure an accurate and complete transfer of the hard copy to the electronic storage media. All records must be capable of being reproduced with a high degree of legibility and readability (including the signatures of taxpayers and any other necessary signatories) when displayed on a video terminal and when reproduced in hard copy.



Electronic Filers who originate their own returns must retain all information that a taxpayer would retain, including acknowledgements, for the appropriate time period. Generally, it is recommended that taxpayers retain all returns, records and acknowledgements (rejected and accepted) for a period of three years from the due date or extended due date of the return.

Acknowledgements of Transmitted Return Data

The IRS electronically acknowledges the receipt of all transmissions and returns. Each return in a transmission is either accepted or rejected for specific reason(s). Returns which meet the processing criteria are considered “filed” as soon as the return is accepted. Rejected returns that fail to meet processing criteria are considered “not filed.” The acknowledgement identifies the source of any rejects and provides business rule text that explains why a transmission or return rejected (See [Exhibit 4](#)). When MeF business rules are changed, IRS posts the new rules on IRS.gov at <http://www.irs.gov/efile/article/0,,id=171950,00.html>

When the MeF system has processed a tax return, it generates an acknowledgement that provides the return acceptance status informing the submitter whether the return was accepted or rejected. At the request of the corporation, partnership, tax exempt organization or excise tax filer, the Provider must provide the date the electronic return was accepted by the IRS. If the Transmitter provided an electronic postmark for the return, the Provider must also provide that to the taxpayer if requested. This information is found in the acknowledgement sent to the Transmitter by the IRS.

Acknowledgement Alerts for Form 1120-F

MeF generates “Alerts” for Form 1120-F. Alerts identify return conditions for the transmitter, software developer or taxpayer that do not result in the rejection of the return. Alerts are listed in a table in the Acknowledgement file or an accepted or rejected return.



Caution: If your return is Accepted and includes an Alert, do not resubmit that return. The Alert is for your information only. If you attempt to resubmit an Accepted return with the Alert issue(s) corrected, the subsequent return will be rejected as a duplicate.

Transmission Perfection Period

When an electronically transmitted return is rejected, there is a **10-day Transmission Perfection Period** to perfect that return for electronic re-transmission. Starting with the 2010 processing year, the perfection period changed from 20 days to 10 days. Regardless of the tax year of the return, the perfection period will be 10 days for any return that is accepted after December 31, 2009. For Forms 7004 and 8868, which are applications for filing extensions, the perfection period is **5** days. Perfection of the return for electronic re-transmission is generally required when the originally signed return had errors in the XML format or errors that caused the return to fail IRS *e-file* schema validation or business rules.



The Transmission Perfection Period is **NOT** an extension of time to file; it is a period of time to correct errors in the electronic file. The Transmission Perfection Period applies to business returns filed on MeF, regardless of the date filed, due date, or extended due date.

When a previously rejected electronic return is “Accepted” by the IRS within the 10-day Transmission Perfection Period, it will be deemed to have been received on the date of the first reject that occurred within that **10-day period**. The 10 days is actually a “look back” period and is determined **once the return is accepted**. IRS looks back 10 days from the date the return is Accepted (or from the Electronic Postmark, if applicable) to determine if there have been any rejects for the same EIN and Tax Period. If there have been one or more rejects within that 10 day look back period, IRS uses the received date on the earliest reject (or the Electronic Postmark, if applicable, of the earliest reject) as the IRS Received Date for the Accepted return to determine timeliness.

(Note: The received date is one of the following: [1] the electronic postmark (if present), [2] the timestamp in A2A receipt or [3] the Global Transaction [GTX] Key for IFA transmissions.)

The following chart provides examples of how IRS determines received dates. The chart assumes the 1st rejection occurs on date of transmission, the 2nd rejection occurs on date of retransmission, and acceptance occurs on date of final transmission. It does not matter if the return was transmitted before the due date or after the due date of the return. The 10-day Perfection Period is independent of the timeliness of the return. Downstream processing determines whether a valid extension is on file for the return and whether or not the return is timely filed.

	Tax Year End	Due Date	Extension	Electronic Postmark 1st reject	Original Transmission 1st Reject Date	Electronic Postmark 2nd reject	2nd Transmission/Reject Date	Electronic Postmark Accepted Return	Accepted Date/Final Transmission	IRS Received Date
1	12/31/XX	03/15/X1	No	03/09/X1	03/10/X1	03/10/X1	03/12/X1	03/29/X1	03/30/X1	03/29/X1
2	12/31/XX	03/15/X1	No	03/09/X1	03/10/X1	03/10/X1	03/12/X1	03/19/X1	03/20/X1	03/09/X1
3	12/31/XX	03/15/X1	No	03/14/X1	03/15/X1	03/23/X1	03/24/X1	03/24/X1	03/25/X1	03/14/X1
4	12/31/XX	03/15/X1	No	03/09/X1	03/10/X1	03/15/X1	03/15/X1	04/03/X1	04/04/X1	04/03/X1
5	12/31/XX	03/15/X1	No	03/09/X1	03/10/X1	03/14/X1	03/15/X1	03/23/X1	03/25/X1	03/14/X1
6	12/31/XX	03/15/X1	Yes 09/15/X1	08/08/X1	08/10/X1	08/10/X1	08/11/X1	09/17/X1	09/18/X1	09/17/X1
7	03/31/XX	06/15/XX	Yes 12/15/XX	08/10/XX	08/10/XX	12/22/XX	12/23/XX	01/09/X1	01/10/X1	01/09/X1
8	03/31/XX	06/15/XX	Yes 12/15/XX	N/A	08/10/XX	N/A	12/23/XX	N/A	12/28/XX	12/23/XX
9	12/31/XX	03/15/X1	Yes 09/15/X1	N/A	N/A	N/A	N/A	09/30/X1	10/01/X1	09/30/X1

Note: This chart reflects the change to **10 day** perfection period starting with returns that are accepted after **December 31, 2009**.

How to Determine IRS Received Date:

1. Return accepted on 3/30/X1. Look back 10 days from Electronic Postmark of the accepted return. There is no rejected return within 10 days of 03/29/X1. IRS Received Date is the Electronic Postmark Date of the accepted return - 03/29/X1.
2. Return accepted on 3/20/X1. Look back to earliest reject within 10 days of Electronic Postmark of accepted return. There is a reject within 10 days of 03/19/X1. IRS Received Date is the Electronic Postmark of the earliest reject within 10 days of the Electronic Postmark of the accepted return - 3/09/X1
3. Return accepted on 3/25/X1. Look back to earliest reject within 10 days of return being accepted. Electronic postmark of the earliest reject within the 10 day period is 03/14/X1. IRS Received Date is the Electronic Postmark of the earliest reject within 10 days of the Electronic Postmark of the accepted return - 03/14/X1.
4. Return accepted on 4/04/X1. Look back to earliest reject within 10 days of being accepted. There is no reject within 10 days of accepted return. IRS Received Date is the Electronic Postmark Date of the accepted return - 04/03/X1.
5. Return accepted on 3/25/X1. Look back to earliest reject within 10 days of being accepted. IRS Received Date is the Electronic Postmark Date of earliest rejected return with the 10 day perfection period – 03/14/X1.
6. Return accepted on 9/18/X1. Look back to earliest reject within 10 days of Electronic Postmark of accepted return. There is no rejected return within 10 days of 09/17/X1. IRS Received Date is the Electronic Postmark Date of the accepted return - 09/17/X1.
7. Return accepted on 1/10/X1. Look back to earliest reject within 10 days of Electronic Postmark of accepted return. There is no rejected return within 10 days of 01/09/X1. IRS Received Date is the Electronic Postmark Date of the accepted return 01/09/X1.
8. Return accepted on 12/28/XX. Look back to earliest reject within 10 days of accepted return (there was no Electronic Postmark). There was a rejected return within 10 days of 12/28/XX. IRS Received Date is the date of the earliest reject within 10 days of the accepted return 12/23/XX. Note: there was no Electronic Postmark.
9. Return accepted on 10/01/X1. There was no previous reject within 10 days of the Electronic Postmark of the accepted return. IRS Received Date is the Electronic Postmark of the accepted return - 09/30/X1.

Rejected e-filed Returns

Taxpayers who cannot get their return accepted or who decide to file a paper return instead must also ensure that their paper return is filed timely. To be considered timely filed, this paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date the IRS last gives notification that the return was rejected.

Follow the steps below to ensure that the paper return is identified as a rejected electronic return and the taxpayer is given credit for the date of the first reject within the 10-day transmission perfection period:

1. The taxpayer should prepare the paper return and include the following:
 - An explanation of why the paper return is being filed after the due date;
 - A copy of the reject notification; and

- A brief history of actions taken to correct the electronic return
- 2. Write **in red** at the top of the first page of the paper return - **REJECTED ELECTRONIC RETURN – (DATE)**. The date will be the date of first reject within the 10-day transmission perfection timeframe. Please note that the information published in Notice 2005 – 88 incorrectly states that in order for the paper return to be considered timely, it must be filed by the later of the due date, or 5 calendar days after the date the Service last gives notification to the taxpayer that the return has been rejected, as long as the first transmission was made on or before the due date of the return (including extensions). Five (5) calendar days is incorrect – the correct number is 10 calendar days.
- 3. The paper return must be signed by the taxpayer. The PIN that was used on the electronically filed return that was rejected may not be used as the signature on the paper return.



Corporations, partnerships and Tax Exempt Organizations required to e-file must contact the e-help Desk (1-866-255-0654) for assistance in correcting rejects **before filing a paper return**. They must **receive authorization** from the e-help Desk before filing a paper return.

Resubmission of Rejected Applications for Filing Extensions

If the IRS rejects the application for filing extension request and the reason for the rejection cannot be corrected and retransmitted, the Provider must take reasonable steps to inform the taxpayer of the rejection within 24 hours of receiving the acknowledgement. When the Provider advises the taxpayer that the extension has not been accepted, they must provide the taxpayer with the Business Rule explanation. (See **Exhibit 4**).

- If the electronic application for filing extension can be retransmitted, it must be filed by the later of the due date of the return or 5 calendar days after the date the Service gives notification the application for extension is rejected.
- If the electronic application for filing extension cannot be accepted for processing electronically, the taxpayer must file a **paper** application for filing extension. In order for the **paper** application for filing extension to be considered timely, it must be filed by the later of the due date of the filing extension or 5 calendar days after the date the IRS gives notification the filing extension is rejected. The **paper** application for filing extension should include an explanation of why it is being filed after the due date and include a copy of the electronic rejection notification.

Integrating Data/Elections into Your Return

When filing a return on paper, all supporting data, transactional data, elections, disclosure statements and other items can be prepared in a variety of software packages and attached as documents to the paper return. When e-filing a return, these documents must be integrated and included in the electronic return. This section discusses how to handle these attachments in your electronic return. Complete instructions for all forms and potential attachments are contained in this Publication and are also available on IRS.gov (<http://www.irs.gov/efile/article/0,,id=171946,00.html>).

Note: If you plan to e-file remember that you need to select tax preparation software that will meet all of your tax return needs and properly supports all forms and schedules you are required to file. IRS does not require software developers to support all forms, and software developers will create software based on the anticipated needs of their clients. The test returns issued by IRS also do not include all forms or schedules that can be part of an actual return. Please check with your software developer on the availability of the forms/schedules you need to *e-file*.

Special Instructions for Consolidated Returns

When taxpayers prepare consolidated corporate income tax returns on paper, spreadsheets are commonly used to report the required data for each subsidiary. These spreadsheets are commonly used to report subsidiary data on Form 1120, other attached IRS forms such as Form 4562, and supporting data (other income statement). These spreadsheets are commonly attached and filed along with the consolidated return and mailed to IRS.

Likewise, IRS requires that tax preparation software approved for filing via MeF use IRS forms to report data for each subsidiary return. In addition to the consolidated return, tax preparation software approved for electronic filing should allow taxpayers to create a separate “stacked return” for the parent and each subsidiary return. Tax preparation software should allow taxpayers to report Eliminations and Adjustments at each level when applicable. Tax preparation software may also allow taxpayers to use spreadsheets for the internal review of the return, but IRS requires all subsidiary data to be formatted, transmitted and viewed by IRS as “stacked returns”.

When preparing paper tax returns, taxpayers often use tax preparation software to prepare their returns but may use other formats such as Word or Excel, to prepare supporting data. The documents containing supporting data are then attached to the portion of the return prepared by tax preparation software and mailed to IRS.

Similarly, MeF requires that supporting data be included using tax preparation software (see example provided below), or as permitted under IRS guidelines, by attaching as scanned PDF files. IRS has reviewed all of the forms that may be attached to corporate forms, as well as the instructions relevant to those forms, and identified every instance in which taxpayers are required to attach supporting data and provided either structured formats or PDF file guidelines for the data.

When the IRS has defined structured formats, software developers are required to use those formats for developing tax preparation software approved by IRS for electronic filing. In instances in which IRS has not defined a format, it has provided instructions on entering supporting data in PDF files. It is the responsibility of software developers to provide appropriate instructions for taxpayers to enter supporting data to meet the IRS guidelines.

Most software developers will allow taxpayers to import/export data from other sources. Taxpayers are encouraged to discuss available options with their software developers early in the return preparation process to determine how to prepare any supporting data for their electronic returns.

When submitting a consolidated return, the taxpayer **must** provide the detail for each entity and then roll that data up into the consolidated return. At a minimum, this roll-up information must be provided on any line where the form requires a statement or schedule to be attached (e.g., Form 1120, Line 10, Other Income (attach schedule), Line 26, Other Deductions (attach schedule), etc.).

Here is an example based on the data provided in ATS Scenario 2 which is a consolidated return.

Attachment 1, Form 1120, line 10, Other Income (ItemizedOtherIncomeSchedule)

Consolidated Schedules	Total	Hide 'N Seek Foods, Inc.	The Greek Playhouse	Acme Food Corp
Sales	217,441	208,671		8,770
Exchange Gain/Loss Realized	-2,321,468	-2,229,104		-92,364
Partnership Income/Loss	50,578,008	-59,869		50,637,877
Miscellaneous Income	149,354	156,146		-6,792
Interco Consulting Fees	1,448,935	1,448,935		
TOTAL	<u>50,072,270</u>	-475,221		50,547,491

The first subsidiary (Hide 'N Seek Foods, Inc) will provide the following data on the ItemizedOtherIncomeSchedule:

Corporation Name	Corporation EIN	Other Income Type	Other Income Amount
Hide 'N Seek Foods, Inc.	11-0000002	Sales	208,671
Hide 'N Seek Foods	11-0000002	Exchange Gain/Loss realized	-2,229,104
Hide 'N Seek Foods	11-0000002	Partnership Income/Loss	-59,869
Hide 'N Seek Foods	11-0000002	Miscellaneous Income	156,146
Hide 'N Seek Foods	11-0000002	Interco Consulting Fees	1,448,935
Hide 'N Seek Foods	11-0000002	Total	-475,221

The second subsidiary would not have an attachment for Other Income since they do not have an entry on Line 10 of the subsidiary Form 1120.

The third subsidiary (Acme Food Corp) will provide the following data on the ItemizedOtherIncomeSchedule:

Corporation Name	Corporation EIN	Other Income Type	Other Income Amount
Acme Food Corp	11-0000013	Sales	8,770

Acme Food Corp	11-0000013	Exchange Gain/Loss realized	-92,364
Acme Food Corp	11-0000013	Partnership Income/Loss	50,637,877
Acme Food Corp	11-0000013	Miscellaneous Income	-6,792
Acme Food Corp	11-0000013	Total	50,547,491

The consolidated return should have an attachment for Other Income and the following data must be provided in one of the following formats:

Format 1 The ItemizedOtherIncomeSchedule for the consolidated return contains a roll-up of the detail for each entity.

Corporation Name	Corporation EIN	Other Income Type	Other Income Amount
Hide 'N Seek Foods	11-0000002	Sales	208,671
Hide 'N Seek Foods	11-0000002	Exchange Gain/Loss Realized	-2,229,104
Hide 'N Seek Foods	11-0000002	Partnership Income/Loss	-59,869
Hide 'N Seek Foods	11-0000002	Miscellaneous Income	156,146
Hide 'N Seek Foods	11-0000002	Interco Consulting Fees	1,448,935
Acme Food Corp	11-0000013	Sales	8,770
Acme Food Corp	11-0000013	Exchange Gain/Loss Realized	-92,364
Acme Food Corp	11-0000013	Partnership Income/Loss	50,637,877
Acme Food Corp	11-0000013	Miscellaneous Income	-6,792
Hide 'N Seek Foods, Inc.	11-0000002	Total	50,072,270

Format 2 The ItemizedOtherIncomeSchedule for the consolidated return contains a roll-up of the total from each entity.

Corporation Name	Corporation EIN	Other Income Type	Other Income Amount
Hide 'N Seek Foods, Inc.	11-0000002	Total	-475,221
Acme Food Corp	11-0000013	Total	50,547,491
Hide 'N Seek Foods, Inc.	11-0000002	Consolidated Total	50,072,270

Format 3 The Itemized Other Income Schedule for the consolidated return contains a total of all subsidiaries by category.

Corporation Name	Corporation EIN	Other Income Type	Other Income Amount
Hide 'N Seek Foods, Inc.	11-0000002	Sales	217,441
Hide 'N Seek Foods	11-0000002	Exchange Gain/Loss Realized	-2,321,468
Hide 'N Seek Foods	11-0000002	Partnership Income/Loss	50,578,008
Hide 'N Seek Foods	11-0000002	Miscellaneous Income	149,354
Hide 'N Seek Foods	11-0000002	Interco Consulting Fees	1,448,935

Preparing Supporting Data Required by IRS Forms or Form Instructions

MeF utilizes a rigid structure that must be used to create most supporting data. This structure is necessary to ensure that tax preparation software creates supporting data that can be transmitted to and viewed by IRS systems. IRS has reviewed all MeF forms and instructions to identify every instance in which supporting data might be required. The XML schemas available in MeF define formats that must be used to report the supporting data. In cases where the IRS has specifically provided guidance, supporting data may be attached to the electronic return as a PDF file. Most software developers allow Providers the ability to import/export data from other sources. Providers should discuss options for importing supporting data created in other formats into the tax preparation software. It is the responsibility of software developers to provide appropriate instructions for taxpayers to enter supporting data that meets the IRS guidelines. The examples on the following pages will assist Providers in understanding how to prepare supporting data for electronic returns when required by form or form instructions. The examples below reflect many forms, but the same guidelines for attaching supporting data apply to all form types that can be electronically filed.

Example 1 – Supporting data required by IRS forms

IRS issued specific formats that software developers must use for this type of supporting data. In the example below, taxpayers must include (either by entering or importing) data for the required “type” and “amount of income” as indicated in tax preparation software instructions.

version A, cycle 1

Form 1120 Department of the Treasury Internal Revenue Service		U.S. Corporation Income Tax Return For calendar year 2009 or tax year beginning _____, 2009, ending _____, 20____ ▶ See separate instructions.		OMB No. 1545-0123 2009		
A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		<input type="checkbox"/> Use IRS label. Otherwise, print or type. Name _____ Number, street, and room or suite no. If a P.O. box, see instructions. _____ City or town, state, and ZIP code _____		B Employer identification number _____ C Date incorporated _____ D Total assets (see instructions) \$ _____ (4) <input type="checkbox"/> Address change		
E Check if: (1) <input type="checkbox"/> Initial return		Instructions for Line 10 Other Income: Enter any other taxable income not reported on lines 1 through 9. List the type and amount of income on an attached				
Income	1a	Gross receipts or sales		Bal ▶	1c	
	2	Cost of goods sold (Schedule A, line 8)			2	
	3	Gross profit. Subtract line 2 from line 1c			3	
	4	Dividends (Schedule C, line 19)			4	
	5	Interest			5	
	6	Gross rents			6	
	7	Gross royalties			7	
	8	Capital gain net income (attach Schedule D (Form 1120))			8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	
	10	Other income (see instructions—attach schedule)			10	
	11	Total income. Add lines 3 through 10			▶ 11	
(Deductions on deductions.)	12	Compensation of officers (Schedule E, line 4)			12	
	13	Salaries and wages (less employment credits)			13	
	14	Repairs and maintenance			14	
	15	Bad debts			15	
	16	Rents			16	
	17	Taxes and licenses			17	
	18	Interest			18	

Example 3 – Supporting data required as another IRS form

In the following example, form instructions require the taxpayer to attach another IRS form or statement as supporting data. Lines 2(a) and 2(b) require supporting data to be provided using an IRS form; failure to use the required IRS form will cause the electronic return to reject. Line 2(c) requires supporting data to be provided using an attached statement; taxpayers should always provide the supporting data.

<p>Form 6198 (Rev. December 2009) Department of the Treasury Internal Revenue Service</p>	<p>At-Risk Limitations</p> <p>▶ Attach to your tax return. ▶ See separate instructions.</p>	<p>OMB No. 1545-0712</p> <p>Attachment Sequence No. 31</p>			
Name(s) shown on return		Identifying number			
Description of activity (see page 2 of the instructions)					
<p>Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts. See page 2 of the instructions.</p>					
<p>1 Ordinary income (loss) from the activity (see page 2 of the instructions)</p> <p>2 Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you are reporting on:</p> <p style="margin-left: 20px;">a Schedule D</p> <p style="margin-left: 20px;">b Form 4797</p> <p style="margin-left: 20px;">c Other form or schedule</p> <p>3 Other income and gains from from Schedule K-1</p> <p>4 Other deductions and losses from the from Form 4952, that were not included on line 1</p> <p>5 Current year profit (loss) from the activity. Complete instructions before completing the rest of this form</p>	<p>1</p> <p>2a</p> <p>2b</p>				
<p>Part II Simplified Computation of Amount At Risk. See page 3 of the instructions.</p> <p>6 Adjusted basis (as defined in section 1011) in the activity (or first day of the tax year. Do not enter less than zero</p> <p>7 Increases for the tax year (see page 3 of the instructions)</p> <p>8 Add lines 6 and 7</p> <p>9 Decreases for the tax year (see page 4 of the instructions)</p> <p>10a Subtract line 9 from line 8</p> <p style="margin-left: 20px;">b If line 10a is more than zero, enter that amount here and otherwise, enter -0- and see Pub. 925 for information on this line</p>					
<p>Part III Detailed Computation of Amount At Risk. If you are required to attach a statement, see page 4 of the instructions.</p> <p>11 Investment in the activity (or in your interest in the activity) at the effective date. Do not enter less than zero</p> <p>12 Increases at effective date</p>			<p>11</p> <p>12</p>		

Lines 2a, 2b, and 2c Gain/Loss Combine long and short-term capital gains and losses and ordinary gains and losses from the sale or other disposition of assets used in the activity or of your interest in the activity. Enter gains and losses without regard to the at-risk limitations, the limitation on capital losses, or the passive activity loss limitations. If more than one item is included on a line; attach

Example 4 – Supporting Data required for tables on IRS forms.

When required data exceeds the number of lines provided on IRS forms, tax preparation software will allow the taxpayer to continue to enter all necessary data instead of creating an attachment. When the electronic data is transmitted and processed the data will be displayed as “repeating data” by MeF systems.

Note: Large Taxpayers required to *e-file* should refer to IRS.gov for additional information regarding transactional data at:

<http://www.irs.gov/businesses/corporations/article/0,,id=202396,00.html>

Version A, Cycle 2

Form 4562	Depreciation and Amortization (Including Information on Listed Property)	OMB No. 1545-0172 2009
Department of the Treasury Internal Revenue Service (99)	▶ See separate instructions. ▶ Attach to your tax return.	Attachment Sequence No. 67
Name(s) shown on return	Business or activity to which this form relates	Identifying number
Part I Election To Expense Certain Property Under Section 179		
<i>Note: If you have any listed property, complete Part V before you complete Part I.</i>		
1 Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29		
8 Total elected cost of section 179 property. Add amounts in column (c) of lines 6 through 7		
9 Tentative deduction. Enter the smaller of line 5 or line 8		
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562		
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 ▶	13	
<i>Note: Do not use Part II or Part III below for listed property. Instead, use Part V.</i>		
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)		
14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Taxpayer data exceeds the number of lines provided on IRS Forms.

General Dependency

The General Dependency was created to allow for the submission of information that is not specified in a predefined schema. Beginning in Processing Year 2010, there will be three General Dependencies:

- “GeneralDependency”, available for Forms 1120, 1065 and 1065-B, is attached at the return level and allows for an explanation of up to 1,000,000 characters (*e-file* type is LongExplanationType).
- “GeneralDependencyMedium”, available for Forms 1120-F, 1120S, 720, 2249 and 8849, is attached at the return level and allows for an explanation of up to 100,000 characters (*e-file* type is MediumExplanationType).
- “GeneralDependencySmall” is attached at the form or schedule level and allows for an explanation of up to 5,000 characters (*e-file* type is TextType with maximum length 5,000 characters). The General DependencySmall is available for:

Form 851	Form 4562
Form 926	Form 4684
Form 1118	Form 5471
Form 1118AMT	Form 5713
Schedule M-3 (Form 1120)	Form 6765
Schedule M-3 (Form 1120L)	Form 8586
Schedule M-3 (Form 1120PC)	Form 8834
Schedule M-3 (Form 1120S)	Form 8865
Schedule M-3 (Form 1065)	Form 8886
Schedule K-1 (Form 1065)	Form 8586
Form 4136	

Statements submitted as PDFs should be attached at the top-level return unless there is a reason it needs to be attached to the form level of the General Dependency schemas. Refer to [Frequently Asked Questions for Large and Mid-Size Corporations](#) for examples of when to use the General Dependencies.

The Element “SpecialConditionDescription”

The element “SpecialConditionDescription” was added to all MeF parent forms for use in situations that may affect e-filing during the processing year without having to update schemas with specific literals. Such situations might include, but are not limited to, natural disasters, changes to late legislation, recent Revenue Procedures, etc. MeF will issue Quick Alerts and post information to the Known Issues file on IRS.gov when the SpecialConditionDescription may be used.

Creating Elections Required by Forms or Form Instructions

IRS reviewed all forms and form instructions to identify where taxpayers are required to attach supporting data. Many of these requirements are elections. When an election is required by IRS forms or form instructions, IRS provided specific XML formats for each election that must be used by software developers for developing tax preparation software approved for electronic filing. Providers must use the defined format to enter data for these elections. The examples below are samples of elections required by form instructions.

Form 1120 Instructions	Dual Consolidated Losses Statement
Form 8697 Instructions	De Minimis Exception Election
Form 4562 Instructions	Election Not to Claim Special Depreciation Allowance

Creating Elections/Disclosure Statements Required by Regulations or Publications

MeF requires all disclosure statements and elections to be included in tax preparation software and transmitted to the IRS in one transmission file.

IRS reviews most regulations and publications to identify instances where corporations, partnerships and tax-exempt organizations can make elections. To allow companies to add additional information on their return, IRS created a “General Dependency” schema. The General Dependency has a defined format and should be used by the taxpayers to report most disclosure statements and elections required by regulations or IRS publications. The General Dependency schema format is provided to software developers for use with their tax preparation software, and developers should provide instructions for completing this schema to its software users. The General Dependency schema has the following data elements:

1. Form Line or Instructions Reference (optional) - This field should be completed when the election is being made based on information on IRS forms or form instructions and IRS has not defined a format.
Note: As discussed above, in most instances IRS has defined a format for these elections.
2. Regulation Reference (optional) - This field should be used to identify information for elections made based on information contained in Regulations or Publications.
3. Description (optional) - This field should be used to enter a brief explanation of the election.

Attachment Information (optional) - This field allows Providers to include stream data (up to 1,000,000 characters).



IRS will allow all elections and/or disclosure statements with “columnar data” to be attached in PDF format.

Example 1 – Creating Elections and/or Disclosure Statements That Do Not Contain Columnar Data

Election and/or disclosure statement data that does not contain columnar data must be reported using the General Dependency schema included in tax preparation software.

Regulation Reference	Description
IRC Section 172(b) (3)	Election to Forego Net Operating Loss Carryback

Pursuant to IRC Sec. 172(b) (3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss incurred in this tax year ended.

Example 2 – Creating Elections and/or Disclosure Statements That Apply to Multiple Subsidiaries

Election and/or disclosure statement data that applies to multiple subsidiaries and does not contain columnar data must be reported using the General Dependency schema included in tax preparation software.

Regulation Reference	Description
IRC Section 172(b) (3)	Election to Forego Net Operating Loss Carryback

Pursuant to IRC Sec. 172(b)(3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss incurred in this tax year ended for the following subsidiaries:

ABC Corporation
CDE Corporation
EFG Corporation

Example 3 – Creating Elections and/or Disclosure Statements That Contain Columnar Data

Elections and/or disclosure statements that require columnar data may be attached to the electronic return in PDF format. Separate PDF files must be created for each election and disclosure statement. Use the number of the Code Section or Regulation to create the name of the PDF file and description.

IRS Section 195(b) Election to Amortize Start-Up Expenditures

Taxpayer Name: ABC Corporation
Taxpayer ID Number: 10-0000002
Year-end: December 31, 2008

In accordance with IRC Sec. 195, taxpayer hereby elects to amortize all start-up expenditures over a period of XX months beginning with July XX, 200X, the month that the corporation's active trade or business began (or was acquired). The trade or business of the taxpayer to which this election relates is XXXXXX

The start-up expense incurred is:

Description of Start-Up Expense	Date	Incurred Amount
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Preparing Elections and/or Disclosure Statements That Require Supporting Data

Some elections and/or disclosure statements require supporting data that cannot be entered into a General Dependency schema. IRS allows this type of supporting data to be submitted as a PDF file. The actual disclosure statement and/or election must be entered into the required format and only the supporting data may be submitted as a PDF file.

Examples include: "Election to Amortize a Bond Premium" or "Election for 100% Dividends Received Deduction".

NOTE: If the data requested requires "columnar format", these documents may be submitted in PDF format until the IRS provides a structure to support columnar format.

We recommend that PDF files be attached at the top level return unless there are reasons it needs to be attached at a form level or to the GeneralDependency schema.

IRS Chief Counsel has provided guidance in T.D. 9264 and T.D. 9300 that allows corporations to retain supporting documentation in their offices rather than providing such documentation to IRS in a return. Please review these Treasury Decisions for full information.

Electronic Postmark

A Transmitter may provide an electronic postmark to taxpayers that file Tax Returns and Extensions of Time to File Tax Returns through an ERO or through an Online Provider (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 electronic postmark must be adjusted to the time zone where the taxpayer resides 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).

Conversely, if the Transmitter provides an electronic postmark with a time in the Eastern Time Zone but the taxpayer resides in the Pacific Time Zone, the taxpayer must subtract three hours to the postmark time to determine the actual postmark time (Pacific Time Zone).

If an electronic postmark is created on or before a prescribed deadline for filing but the return is received by the IRS after the prescribed filing deadline, the return will be

treated as filed on the electronic postmark date if received within two (2) days of the electronic postmark. For a return to be treated as filed on the electronic postmark date, all requirements for signing the return must be met. If a return is rejected, a corrected return must be filed in accordance with the rules for timely filing corrected returns after rejection of an electronic return.

A Transmitter is authorized 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 acknowledgement 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;
- Upon request 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 or for nine (9) months after the transmission date for fiscal year filers;
- 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).

MeF Routine Maintenance

IRS has established a routine system maintenance window for MeF, generally each Sunday from 1:00 a.m. to 7:00 a.m. Eastern Time (ET). This maintenance may result in intermittent down-time for transmitters. The IRS has established a MeF Internet Filing and **MeF Systems Status website at:**

(<http://contentmgmt01.irs.gov:443/efile/article/0,,id=168537,00.html>), which provides near-real time notice to Providers of the status of the systems. Providers are encouraged to check the status prior to e-filing their return(s) to ensure there are no system issues.

Ensuring Taxpayer Data Integrity

When IRS receives the transmission file, one of the first steps of processing the electronic return is to count the bytes received. Tax preparation software approved for electronic filing will compute a checksum value and embed the total in the submission

file sent to IRS. The MeF system will also compute a checksum value of the submission file.

The MeF system will return the following two XML elements in the submission acknowledgement, whether the submission is accepted or rejected:

- *<EmbeddedCRC32>*
- *<ComputedCRC32>*



The taxpayer/ERO should check the data in the *<EmbeddedCRC32>* element and the *<ComputedCRC32>* element to ensure that the size of the file transmitted to the IRS is the same size as the file computed by the IRS. If there is a discrepancy between these two values, it is the responsibility of the ERO to contact the transmitter to see if the file was changed before transmission.

For corporate returns, an Acknowledgment will reflect the **Taxable Income and Total Tax** amounts as shown in the submitted return. If these figures do not reflect what was included on the return you intended to file, you should immediately contact the e-help Desk for assistance at 1-866-255-0654.

MeF Fed/State Program

In partnership with states, the MeF Fed/State Program was developed to allow transmitters to submit state and their federal returns electronically. State returns may be in the same submission with the federal return or in a separate submission without a federal return.

MeF implemented the Forms 990 and 1120 Fed/State Programs in January 2006 and the 1065/1065-B in January 2007. Currently, the states participating in the 1120/1065 MeF Fed/State programs can be found at <http://www.taxadmin.org/FTA/edi/ecsnaps.html>.

Transmitters sending in both federal and state returns can use either MeF Internet Filing Application (IFA) or Application-to-Application (A2A) transmission channels.

A state retrieves its state returns via MeF, and transmitters can retrieve receipts showing that the state has the returns. MeF will accept both federal submissions and state submissions. Each return/extension must be enclosed in a separate submission, but multiple submissions may be contained in a single message.

The federal and state submissions do not have to be transmitted to MeF together. A state submission can be linked to the federal submission by including the Submission ID of the federal return in the state manifest. If the state submission is linked to a federal submission (also referred to as a Fed/State return), the IRS will check to see if there is an accepted federal submission under that Submission ID.

If there is not an accepted federal return, the IRS will deny the state submission and an acknowledgement will be sent. If there is an accepted return under the Submission ID, MeF will perform minimal validation on the state submission, including validation that the state shown in the state manifest is a state that participates in the applicable 990, 1065 or 1120 Fed/State Program. MeF will then pass along to the state what the ERO/Transmitter sends in the State submission. If the ERO/Transmitter does not link the state return to a previously-accepted federal return (also referred to as a State Standalone return), then MeF will perform minimal validation as described above, including validation that the state allows State Standalone returns. MeF will then pass along to the state the entire state submission that was sent in by the ERO/taxpayer.

Note: A state return is made up of both state and a federal portion. The taxpayer provides both components based on state requirements. The only information IRS passes on to the state is what has been provided by the taxpayer. The state generates the acknowledgement for the state return and sends it to the MeF system for the transmitter to retrieve.

In addition, for Forms 990/990-EZ/990-PF, as part of the federal return, a filer can request that a copy of the federal return be provided to one or more participating states. Upon receipt of the request, IRS will validate that the state(s) is participating in the Fed/State program. If it is, then IRS will send a redacted copy of the accepted return to the state agency(s). Items that are always redacted from the state copy include, but are not limited to, the PIN or Form 8453-EO, the request for the copy and any payment information included with Form 990-PF. In addition the IRS may redact Schedule B if a state does not require it. MeF will process the IRS submission and generate an acknowledgement for each submission and copy of IRS Forms 990/990-EZ/990-PF forwarded to a state. If the Federal 990 series return is rejected, however, no copies will be forwarded to the state. A state is responsible for validating each of its state submissions, and is also responsible for generating a state acknowledgement for each state submission to be returned to the IRS for transmitter retrieval.

Both federal and state returns must be submitted in IRS-approved XML format. Federal returns must conform to valid IRS schema versions. State returns must conform to the return structure specified by IRS, and include elements defined for the specific state data. You can access the corporate and partnership State Master Schema at: <http://www.statemef.com/>. For more information, contact the State *e-file* Coordinator (a current list of State Coordinators is available on IRS.gov at: <http://www.irs.gov/efile/article/0,,id=97558,00.html>).

Part IV

MeF Information for Specific Forms

Form 7004 (Application For Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns)

All the returns listed on Form 7004 are eligible for an automatic extension of time to file from the due date of the return. The instructions for Form 7004 describe exceptions that apply to foreign corporations without offices or places of business in the United States, foreign and certain domestic corporations and certain partnerships.

The Form 7004 does not extend the time for payment of tax. Refer to the Form 7004 instructions for additional information on payment of tax and balance due.

TY 2009, **Form 7004** cannot be e-filed for:

- Name change applications
- Reasonable cause for failing to pay timely
- Reasonable cause for failing to file application timely
- Requests for refunds
- Election to make installment payments for a portion of balance due amount
- Applications requesting extension due to change in accounting period unless prior approval has been applied for from IRS or certain conditions have been met. See Publication 538 (Accounting Periods and Methods) for further details.
- Applications with Net Operating Loss Carryback. Form 1138 should be sent separately and not with the 7004.
- Applications attaching a Power of Attorney (POA). The POA should be sent separately and not with the 7004.
- Early filed returns (filed before end of tax period)
- Any condition or requirement, not supported by software that requires the submission of a paper document or form.
- Filing short period extension due to termination of 1120S status
- Extensions for the following forms:
 - Form 706-GS(D) (Generation-Skipping Transfer Tax Return for Distributions)
 - Form 8612 (Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts)
 - Form 8613 (Return of Excise Tax on Undistributed Income of Regulated Investment Companies)
 - Form 8725 (Excise Tax on Greenmail)
 - Form 8831 (Excise Taxes on Excess Inclusions of REMIC Residual Interests)
 - Form 8876 (Excise Tax on Structured Settlement Factoring Transactions)

TY 2009 Due Dates For Form 7004

The return due date and extended due date tables for TY 2009 for Form 7004 can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/f7004_py2010_duedates.pdf

TY 2008 Due Dates For Form 7004

The return due date and extended due date tables for TY 2008 for Form 7004 can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/etec_due_date_chart_etec.pdf

TY 2007 Due Dates For Form 7004

Generally, Form 7004 must be filed on or before the due date of the applicable tax return. The due dates of the returns can be found in the instructions for the applicable return and on IRS.gov at

http://www.irs.gov/pub/irs-utl/form_7004_due_date_chart_with_5_month_change.pdf.

Corporations (Forms 1120, 1120-F, 1120S)

TY2009, Forms 1120/1120S/1120-F that cannot be e-filed for:

- Returns with tax periods ending prior to December 31, 2007
- Returns covering multiple tax periods
- **Bank Holding Company Tax Act.** Election to make installment payments for a portion of the total tax attributable to the Bank Holding Company Tax Act.
- **Prompt Assessments**

1120 Family of Forms that cannot be e-filed As a Stand-Alone Return at the Parent Level:

Corporations required to *e-file* subsidiary returns for the following forms must file them in XML format. Refer to “Tax Year 2009 Directions to e-file” at <http://www.irs.gov/businesses/article/0,,id=216959,00.html> for additional information.

1120-L	Life Insurance Company
1120-PC	Property and Casualty

If any of the forms listed below are to be filed as stand-alone returns (i.e. not part of a consolidated return), they must be filed on paper since they are not currently processed on the MeF system. However, if any of the following forms are part of a consolidated return, they may be attached in PDF format. They should be named appropriately and attached to the top-level consolidated return.

1120-C (formerly 990-C)	Farmer's Cooperative Association
1120-FSC	Foreign Sales Corporations
1120-H	Homeowners Association
1120-IC-DISC	Interest Charge Domestic International Sales

1120-ND	Nuclear Decommission Trusts
1120-REIT	Real Estate Investment Trust
1120-RIC	Regulated Investment Companies
1120SF	Settlement Funds

The 1120X cannot be e-filed as a stand-alone return. It can only be submitted as an attachment to an 1120 return.

1120X	Amended Return
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Special Instructions for Form 1120 Section 847 SETPs (Special Estimated Tax Payments)

If a taxpayer is required to make or apply special estimated tax payments under section 847 in addition to its regular estimated tax payments, the amount should be included in total estimated tax payments on line 32b. Your software should allow you to enter “Form 8816” or “Section 847 Deduction” and the amount. Making the appropriate entries either entry will assist the IRS in properly accounting for a taxpayer’s SETPs and eliminate the need to correspond with the taxpayer to obtain clarification of the type and amount of payments claimed.

Special Instructions for Form 1120, Line 32f (Credits)

If a taxpayer has a single credit that is not associated with a line number on Form 1120 and the instructions for Form 1120 do not provide procedures for including the credit on the return (i.e., Form 1120, Section 33 credits), then the credit type and amount should be reported using the “OtherRefundableCreditsSchedule” schema. The credit amount should also be included in part of Line 32f.

Additionally, if a taxpayer has one or more credits, the “OtherRefundableCreditsSchedule” schema should be used to itemize the types of credits and credit amounts, and to provide a sum of the credit amounts itemized. The Regulation reference should also be included. The “OtherRefundableCreditsSchedule” should be attached to line 32f.

Special Instructions for Form 8838 When Filed With Form 1120

The signature on Form 1120 extends to all accompanying statements and schedules with the exception of Form 8838, *Consent to Extend the Time to Assess Tax Under Section 367 – Gain Recognition Agreement*. A signed copy of Form 8838 may be attached to the Form 1120/1120S/1120-F as a PDF file with the description “8838 Signature Document”.

Special Instructions on Form 1120-F when FIRPTA is being claimed

When claiming FIRPTA Credit, Form 1120-F, Line 5i, Forms 8288-A and 8805 must be attached to the return. Forms 8288-A and 8805 must be attached as PDF since the forms are not included in the XML schemas. In order to pass the business rule, the PDF files must be named and described exactly as the rule is stated. For Form 8288-A, name the file "Form8288-A.pdf" and the Description must be "Form 8288-A". For Form 8805, name the file "Form8805.pdf" and the Description must be "Form 8805".

1120 Family Return Due Dates

TY 2009 Forms 1120/1120S/1120-F

The return due date and extended due date tables for TY 2009 for each MeF form can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/f7004_py2010_duedates.pdf

TY 2008 Forms 1120/1120S/1120-F

The return due date and extended due date tables for TY 2008 for each MeF form can be found on IRS.gov at: http://www.irs.gov/pub/irs-schema/f1120_series-ty2008duedates.pdf

TY 2007 Forms 1120/1120S/1120-F

The return due date and extended due date tables for TY 2007 for the 1120, 1120S, and 1120-F can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/1120_due_date_for_ty_2007.pdf

1120 Family MeF Accepted Forms and Schedules

TY 2009 Forms 1120/1120S/1120-F

The list of TY 2009 Forms and Schedules for all MeF forms can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/1120_form_family_ty2009_form_listing.pdf

TY 2008 Forms 1120/1120S/1120-F

The list of TY 2008 Forms and Schedules for the 1120/1120S/1120-F can be found on the Current Users Guide and Publications on irs.gov at: http://www.irs.gov/pub/irs-utl/1120_form_family_ty2008_5-12-2009.pdf

TY 2007 Forms 1120/1120S/1120-F

The list of TY 2007 Forms and Schedules for the 1120/1120S/1120-F can be found on the Current Users Guide and Publications on irs.gov at: http://www.irs.gov/pub/irs-utl/1120_form_family_12-09-2008.pdf

Partnership Returns (Forms 1065 and 1065-B)

TY 2009, Form 1065/1065-B cannot be e-filed for:
Common Trust Fund Returns

1065 Return Due Dates

TY 2009 Forms 1065/1065-B

The return due date and extended due date tables for TY 2009 for the 1065/1065-B can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/f7004_py2010_duedates.pdf

TY 2008 Forms 1065/1065-B

The return due date and extended due date tables for TY 2008 for the 1065/1065-B can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/1065_and_1065-b_due_date_charts_ty2008.pdf

TY 2007 Forms 1065/1065-B

The return due date and extended due date tables for TY 2007 for each MeF form can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/1065_due_date_for_ty_2007_with_5_month_change.pdf

1065/1065-B MeF Accepted Forms and Schedules

TY 2009 Forms 1065/1065-B

The list of TY 2009 Forms and Schedules for all MeF forms can be found on irs.gov at: http://www.irs.gov/pub/irs-utl/1065_forms_and_maximum_table.pdf

TY 2008 Forms 1065/1065-B

The list of TY 2008 Forms and Schedules for all MeF forms can be found on irs.gov at: http://www.irs.gov/pub/irs-utl/1065_forms_and_maximum_table_with_late_legislation_5-12-2009.pdf

TY 2007 Forms 1065/1065-B

The list of TY 2007 Forms and Schedules for the 1065/1065-B can be found on the Current Users Guide and Publications on IRS.gov at: http://www.irs.gov/pub/irs-utl/1065_forms_and_maximum_table_12-09-2008.pdf

Tax-Exempt Organization Returns (Forms 990, 990-EZ, 990-PF, 990-N, 1120-POL and 8868)

TY2009, Forms 990 & 990-EZ cannot be e-filed for:

- Name change returns
- Returns from organizations not recognized as exempt (application pending, etc.)
- Returns showing a change in accounting period
- Short period returns (except for short period final returns)
- Early filed returns (filed before end of tax year except for final returns)

TY2009, Form 990-PF cannot be e-filed for:

- Returns from organizations not recognized as exempt (application for exemption pending, etc.)
- Foreign private foundations
- Name change returns
- "Limited" 990-PFs, i.e., "Limited" 990-PFs are filed by organizations that originally received advance rulings as public charities but were later determined to be private foundations
- Foundations in 60-month terminations
- Short period returns (except for short period final returns)

TY2009, Form 990-N (*e-Postcard*) cannot be e-filed for:

- Returns from organizations not recognized as exempt (application for exemption pending, etc.)
- Returns with attachments
- Organizations required to file Form 990, Form 990-EZ, Form 990-PF or Form 1120-POL.
- Organizations who are included in a group return
- Section 509(a)(3) supporting organizations required to file form 990 or form 990-EZ (**Note:** This filing requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches)

TY2009, Form 1120-POL cannot be e-filed for:

- Short period returns (except for short period final returns)
- Name change returns
- Returns with non-numbered attachments/schedules (unless allowed for an attached form shared with Forms 1120/1120S) for which an IRS format has not been developed

TY2009, Form 8868 cannot be e-filed for:

- Extensions from organizations not recognized as exempt (application pending, etc.)
- Extensions other than the automatic extension (Part I)
- Extensions for short period returns
- Extensions for the following forms:
 - Form 990-BL
 - Form 6069
 - Form 8870
- Extensions for group returns
- Extensions for composite Forms 990-T
- Extensions for consolidated Forms 990-T

TY2009, Form 990-N (e-Postcard)

Small tax-exempt organizations, whose gross receipts are normally \$25,000 or less, are not required to file Form 990, Return of Organization Exempt from Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt from Income Tax. With the enactment of the Pension Protection Act of 2006 (PPA), these small tax-exempt organizations are required to file Form 990-N, also known as e-Postcard, with the IRS annually. Form 990-N must be filed electronically; it cannot be filed on paper.

Form 990, 990-EZ or 990-PF must be filed in lieu of Form 990-N for the following organizations even if their gross receipts are normally \$25,000 or less:

- Private foundations required to file Form 990-PF
- Section 509(a)(3) supporting organizations required to file Form 990 or Form 990-EZ.

In addition, the Form 990-N filing requirement does not apply to churches, their integrated auxiliaries, and conventions or associations of churches. Organizations that have not been recognized as tax-exempt (including those with applications pending) must first call Customer Account Services at 1-877-829-5500 (a toll-free number) to update their account before filing Form 990-N.



Beginning in 2008, small tax-exempt organizations that previously were not required to file returns may be required to file an annual electronic notice, Form 990-N. This filing requirement applies to tax periods beginning after December 31, 2006. Organizations that do not file the notice will lose their tax-exempt status. The same return due dates apply to Form 990-N as for Form 990 series returns. It is important to note that requests for an extension of time to file are not allowed for Form 990-N

Application for Extension of Time to File an Exempt Organization Return (Form 8868)

Use Form 8868 (Application for Extension of Time to File an Exempt Organization Return) to request an extension of time to file. MeF will accept electronic filings of Form 8868 (Part I – Automatic Extension) for the following returns: Form 990, 990-EZ, 990-PF, 990-T (corporation), 990-T (sec. 401(a) or 408(a) trust), 990-T (other trust), 1041-A, 4720, and 5227.

There is no signature requirement for this filing. However, a payment record may be attached to this form, as appropriate. If so, a signature is required for the Electronic Funds Withdrawal (EFW) authorization. A Practitioner PIN (using Form 8879-EO) or Form 8453-EO may be used for this authorization. Form 8453-EO is the only attachment/binary file that will be accepted.

An extension will be rejected if it is not received by the IRS due date of the applicable return. (**Note:** For purposes of determining timeliness of the extension, the received date is the electronic postmark, if present, or the IRS received date in the GTX Key. To avoid rejecting extensions from filers or transmitters in a different time zone from the IRS' system, the time zone differences are taken into consideration.)

An accepted acknowledgement of the electronic Form 8868 serves as IRS approval of the extension.

Forms 990, 990-EZ, 990-PF, 990-N, 990-T, 1120-POL, 4720 and 5227 Return Due Dates

TY 2009

The list of TY 2009 Return Due Dates for Forms 990, 990-EZ, 990-PF, 990-N, 990-T, 1041-A, 1120-POL, 4720 and 5227 can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/tege_ty_2009_return_due_date_chart.pdf

990 Family MeF Accepted Forms and Schedules

TY 2009 Forms 990

The list of TY 2009 Forms and Schedules for the 990 Family can be found on IRS.gov at: [Tax Year 2009 Forms and Schedules Attached to Modernized e-File \(MeF\) Returns](#)

TY 2008 Forms 990

The list of TY 2008 Forms and Schedules for the 990 Family can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/exempt_organizations_ty2008a.pdf

TY 2007 Forms 990

The list of TY 2007 Forms and Schedules for the 990 Family can be found on irs.gov at:
http://www.irs.gov/pub/irs-utl/exempt_organizations_12-07-2007.pdf

Excise Tax *e-file* and Compliance (ETEC) Forms 720, 2290 and 8849

TY2009, Forms 720, 2290 and 8849 that Cannot be e-filed for:

- **Form 2290** -- no returns will be accepted for tax periods prior to 200707
- **Form 720** -- no returns will be accepted prior to third quarter 2007
- **Form 8849** – no returns will be accepted prior to 2008

ETEC Extension Requests:

- Extensions can be requested on Form 2290
- No extension to file Form 720
- No extension to file Form 8849

Forms 720, 2290 and 8849 Return Due Dates

TY 2009 Forms 720 and 2290

The return due date and extended due date tables for TY 2009 for Forms 720 and 2290 can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/etec_due_date_chart_ty2008_2009.pdf

TY 2008 Forms 720 and 2290

The return due date and extended due date tables for TY 2008 for Forms 720 and 2290 can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/etec_due_date_chart_etec.pdf

TY 2007 Forms 720 and 2290

The return due date and extended due date tables for TY 2007 for Forms 720 and 2290 can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/etec_due_date_table_for_pub_4164.pdf

Note: Form 8849 has various due dates depending on which schedule is being filed. If the Form 8849 is not filed timely, certain claims can be filed on the income tax return using Form 4136, provided the statute of limitations has not expired on the income tax return and the Form 4136 instructions allow the credit.

720, 2290 and 8849 MeF Accepted Forms and Schedules

TY 2009 Forms 720, 2290 and 8849

The list of TY 2009 Forms and Schedules for Forms 720, 2290 and 8849 can be found on IRS.gov at:

http://www.irs.gov/pub/irs-utl/etec_accepted_forms_and_schedules_ty2009.pdf

TY 2008 and TY 2007 Forms 720, 2290 and 8849

The list of TY 2008 Forms and Schedules for Forms 720, 2290 and 8849 can be found on IRS.gov at: http://www.irs.gov/pub/irs-utl/etec_accepted_forms_and_schedules.pdf

Exhibits

Exhibit 1
Standard U.S. Postal Service State Abbreviations and ZIP Codes

The Standard Postal Service State Abbreviations and Zip code list can be found on irs.gov at: http://www.irs.gov/pub/irs-utl/zip_code_and_state_abbreviations.pdf

Exhibit 2
Foreign Country Codes

The Foreign Country Code list can be found on irs.gov at:
<http://www.irs.gov/efile/article/0,,id=175595,00.html>

Exhibit 3
**North American Industry Classification
System (NAICS) Codes**

The following link provides the NAICS Codes (codes for Principal Business Activity):
http://www.irs.gov/pub/irs-utl/copy_of_naics_listing.pdf

Exhibit 4
TY 2009 Schemas and Business Rules

The schema validation and business rules can be found on the irs.gov website as follows:

For Forms 1120, 1120S, 1120-F and 7004:
<http://www.irs.gov/efile/article/0,,id=212180,00.html>

For Forms 1065 and 1065-B:
<http://www.irs.gov/efile/article/0,,id=212408,00.html>

For Forms 990, 990-EZ, 990-N, 990-PF, 1120-POL and 8868:
<http://www.irs.gov/charities/article/0,,id=212373,00.html>

For Forms 720, 2290 and 8849:
<http://www.irs.gov/efile/article/0,,id=169093,00.html>

Exhibit 5
Recommended Names and Descriptions for PDFs

**Recommended Names and Descriptions for PDFs based on
Regulatory
Requirements**

The table below has the information listed by Regulatory Requirement and can also be found on IRS.gov on the MeF User Guides and Publication page at <http://www.irs.gov/efile/article/0,,id=171946,00.html>. Updates during the year will be included on the document posted on IRS.gov. An additional table will be provided on IRS.gov.

Title of Disclosure/Agreement/Statement	Regulatory Requirement to Be Attached to Return	PDF File Name (limited to 64 characters)	Description to be used in Binary Attachment.xsd (limited to 128 characters)
IRC § 367 - Foreign Restructuring Transactions			
§ 367 Interest	Prior §1.367(a)-8(b)(3)(iii)	Section367Interest	Section 367 Interest
Gain Recognition Agreement Under § 1.367(a)-8	§ 1.367(a)-8(c)(2) and (d)(1)	GainRecognitionAgreement-1.367(a)-8	Gain Recognition Agreement 1.367(a)-8
Calculation of Section 367 Tax and Interest	§ 1.367(a)-8(c)(1)(v)	CalculationOfSection367TaxAndInterest	Calculation of Sec 367 Tax and Interest
Annual Certification for Gain Recognition Agreement Under § 1.367(a)-8	§ 1.367(a)-8(g)	AnnualCertificationForGainRecognitionAgreement-1.367(a)-8	Annual Certification for Gain Recognition Agreement 1.367(a)-8
Election to Reduce Stock Basis Under § 1.367(a)-8(o)(1)(iii)	§ 1.367(a)-8(o)(1)(iii)	ElectionToReduceStockBasis-1.367(a)-8(o)(1)(iii)	Election to Reduce Stock Basis 1.367(a)-8(o)(1)(iii)
Election to Reduce Stock Basis Under § 1.367(a)-8(o)(5)(iii)(B)	§ 1.367(a)-8(o)(5)(iii)(B)	ElectionToReduceStockBasis-1.367(a)-8(o)(5)(iii)(B)	Election to Reduce Stock Basis 1.367(a)-8(o)(5)(iii)(B)
Section 367(a) - Reporting of Cross-Border Transfer Under Reg. § 1.367(a)-3(c)(6)	§ 1.367(a)-3(c)(6)	Sec367(a)ReportingCrossBorderTransfer-1.367(a)-3(c)(6)	367(a) - Reporting of Cross-Border Transfer 1.367(a)-3(c)(6)

Title of Disclosure/Agreement/Statement	Regulatory Requirement to Be Attached to Return	PDF File Name (limited to 64 characters)	Description to be used in Binary Attachment.xsd (limited to 128 characters)
Section 367(a) - Compilation of Ownership Statements under Reg. § 1.367(a)-3(c)	§ 1.367(a)-3(c)(7)	Sec367(a)CompilationOfOwnershipStmts-1.367(a)-3(c)	367(a) - Compilation of Ownership Stmt-1.367(a)-3(c)
Notice Statement Under § 1.367(b)-1(c)	§ 1.367(b)-1(c)	NoticeStatement-1.367(b)-1(c)	1.367(b)-1(c) Notice Stmt
Required Statement under § 1.367(e)-2(b)(2)(i)	§ 1.367(e)-2(b)(2)(i)	RequiredStatement-1.367(e)-2(b)(2)(i)	1.367(e)-2(b)(2)(i) Required Stmt
Required Statement under § 1.367(e)-2(c)(2)(i)	§ 1.367(e)-2(c)(2)(i)	RequiredStatement-1.367(e)-2(c)(2)(i)	1.367(e)-2(c)(2)(i) Required Stmt
Specific Form Attachments			
Form 5471, Schedule O - Section F - Required Organizational Chart	§ 6038B	Form5471ScheduleO-OrgChart	Form 5471 Schedule O - Org Chart
Form 8858, Item 5 - Required Organizational Chart	As instructed by Form 8858 and Instructions to Form 8858	Form8858-OrgChart	Form 8858, Item 5 - Org Chart
Detailed Attachment to Form 926	§ 1.6038B-1(b); § 1.6038B-1T(c) & (d)	Form926DetailedAttachment	Form 926 Detailed Attachment
Corporate Nonrecognition Provisions			
Statement Pursuant to Section 332 by [Insert Name and Employer Identification Number (if any) of Taxpayer], a Corporation Receiving a Liquidation Distribution	§ 1.332-6(a)	332Stmt	Sec 332 Stmt
Statement Pursuant to § 1.351-3(a) by [Insert Name and Taxpayer Identification Number (if any) of Taxpayer], a Significant Transferor	§ 1.351-3(a)	1.351-3(a)Stmt	1.351-3(a) Stmt

Title of Disclosure/Agreement/Statement	Regulatory Requirement to Be Attached to Return	PDF File Name (limited to 64 characters)	Description to be used in Binary Attachment.xsd (limited to 128 characters)
Statement Pursuant to § 1.361-5(a) by [Insert Name and Taxpayer Identification Number (if any) of Taxpayer], a Distributing Corporation	§ 1.351-5(a)	1.361-5(a)Stmt	1.361-5(a) Stmt
Statement Pursuant to § 1.355-5(b) by [Insert Name and Taxpayer Identification Number (if any) of Taxpayer], a Significant Distributee	§ 1.355-5(b)	1.355-5(b)Stmt	1.355-5(b) Stmt
Statement Pursuant to § 1.355-5(b) by [Insert Name and Taxpayer Identification Number (if any) of Taxpayer], a Significant Distributee	§ 1.355-5(b)	1.355-5(b)Stmt	1.355-5(b) Stmt
Statement Pursuant to § 1.368-3(a) by [Insert Name and Employer Identification Number (if any) of Taxpayer], a Corporation a Party to a Reorganization	§ 1.368-3(a)	1.368-3(a)Stmt	1.368-3(a) Stmt
Statement Pursuant to § 1.368-3(b) by [Insert Name and Employer Identification Number (if any) of Taxpayer], a Significant Holder	§ 1.368-3(b)	1.368-3(b)Stmt	1.368-3(b) Stmt
Election of Date of Distribution or Transfer Pursuant to § 1.381(b)-1(b)(2)	§ 1.381(b)-1(b)(2)	ElectionOfDateOfDistbut nOrTransfer-1.381(b)- 1(b)(2)	Election of Date of Distribution or Transfer 1.381(b)- 1(b)(2)
IRC § 1503(d) - Dual Consolidated Loss			
Domestic Use Election and Agreement	§ 1.1503(d)-6(d)	1503(d)DomesticUseEle ction	1503(d) Domestic Use Election
No Possibility of Foreign Use of Dual Consolidated Loss Statement	§ 1.1503(d)-6(c)(2)	1503(d)NoPossibilityOfF oreignUseOfDualConsoli datedLossStatement	1503(d) No Possibility of Foreign Use of Dual Consolidated

Title of Disclosure/Agreement/Statement	Regulatory Requirement to Be Attached to Return	PDF File Name (limited to 64 characters)	Description to be used in Binary Attachment.xsd (limited to 128 characters)
			Loss Statement
New Domestic Use Agreement	§ 1.1503(d)-6(f)(2)(iii)(A)	1503(d)NewDomesticUseAgreement	1503(d) New Domestic Use Agreement
Original Elector Statement	§ 1.1503(d)-6(f)(2)(iii)(B)	1503(d)OriginalElectorStatement	1503(d) Original Elector Statement
Certification of Dual Consolidated Loss	§ 1.1503(d)-6(g)	1503(d)CertificationOfDualConsolidatedLoss	1503(d) Annual Certification of Dual Consolidated Loss
Reduction of Recapture Amount	§ 1.1503(d)-6(h)(2)(i)	1503(d)ReductionOfRecaptureAmount	1503(d) Reduction of Recapture Amount
Reduction of Interest Charge	§ 1.1503(d)-6(h)(2)(ii)	1503(d)ReductionOfInterestCharge	1503(d) Reduction of Interest Charge
Statement Identifying Liability	§ 1.1503(d)-6(h)(3)(iii)(A)	1503(d)StatementIdentifyingLiability	1503(d) Statement Identifying Liability
Termination of Ability for Foreign Use	§ 1.1503(d)-6(j)(2)	1503(d)TerminationOfAbilityForForeignUse	1503(d) Termination of Ability for Foreign Use
IRC § 482 - Transfer Pricing			
Statement of Controlled Participant to § 1.482-7T Cost Sharing Arrangement	§ 1.482-7T(k)(4)(iii)(B)	1.482-7TcostSharingArrangementStmt	1.482-7T Stmt - Cost Sharing Arrangement
American Recovery and Reinvestment Tax Act of 2009 Issues			
Carryback Based on Section 1211	§ 1211	ARRA-RevProc2009-26.pdf	ARRA - Rev Proc 2009-26
Losses in Certain Investment Arrangements		RevenueProcedure2009-20.pdf	Revenue Procedure 2009-20



Internal Revenue Service
United States Department of the Treasury



**IRS *e-file* for Large Taxpayers
Filing Their Own
Corporate Income Tax Return
December 2009**

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Purpose of this Document

This document provides an additional source of information for *Large Taxpayers and certain businesses, which* choose to electronically file their income tax returns directly with the IRS that chose not to use an Electronic Return Originator (ERO). For purposes of electronic filing, the IRS defines a *Large Taxpayer* as a business or other entity with assets of \$10 million or more, or a partnership with more than 100 partners, which originates the electronic submission of its own return(s). These taxpayers may choose to electronically file their own corporate return or use an Authorized IRS *e-file* Provider. An Authorized IRS *e-file* Provider is a company (or individual) that has applied, passed suitability and been accepted by IRS to *e-file* individual or business income tax returns. A list of MeF Authorized IRS *e-file* Providers can be found on the irs.gov website (<http://www.irs.gov/efile/lists/0,,id=119096,00.html>).

Large Taxpayers who are required to file at least 250 returns, are required to electronically file their tax return.

**\$10 MILLION OR MORE IN ASSETS AND 250
OR MORE RETURNS FILED
TAX YEARS ENDING ON OR AFTER
DECEMBER 31, 2007**



If you do not meet the Large Taxpayer criteria (assets of \$10 million or more), **STOP**; you **MUST** use an Authorized IRS *e-file* Provider.

Why do we have to *e-file*?

On November 13, 2007, the Internal Revenue Service issued final Treasury Regulations, which were announced in Treasury Decision (T.D.) 9363 http://www.irs.gov/irb/2007-49_IRB/ar09.html. These final regulations update and clarify the rules and procedures for corporations and organizations required to file their returns electronically. The regulations require electronic filing of Forms 1120 and 1120S by corporations that had total assets of \$10 million or more as shown on Schedule L of their Form 1120 and 1120S, were required to file at least 250 returns during the calendar year, required to file corporate income tax returns, and for taxable years ending on or after December 31, 2007. The same criterion for the requirement to *e-file* applies to 1120-F returns for tax years ending on or after December 31, 2008.

Except as described in the preamble, the final regulations clarify that the electronic filing requirement applies to Forms 1120, 1120S and 1120-F, including amended and superseding returns.

The determination of whether a corporation is required to file at least 250 returns is made by aggregating all returns (regardless of type) that the entity is required to file over the calendar year. Examples include income tax returns, returns required under Section 6033, information returns, excise tax returns and employment tax returns.

What is Modernized e-File (MeF)?

Modernized e-File is an important component of IRS’s re-engineering efforts to improve service, enhance enforcement, and modernize technology and work processes. It is an internet-based system that uses standardized Extensible Mark-Up Language (XML) constructs, which provide corporations the capability to electronically file Forms 1120, 1120S, and 1120-F. MeF also processes Forms 1065, 1065-B, 990, 990-EZ, 990-N, 990-PF, 1120-POL, 720, 2290, 8849, 7004, and 8868.

How can I meet my requirement to e-file?

As a large taxpayer, you must decide if you are going to use an Electronic Return Originator (ERO) or prepare and e-file your return yourself.



If you elect to use an ERO, **STOP**; the following instructions in this section do not pertain to you.

If you elect to e-file your return yourself, you have the following three options from which to choose:

- **Online Provider** - You may transmit through an Online Provider. You prepare and send your corporate return to an authorized IRS e-file Provider. The provider will act as an Online Provider who then transmits your return to IRS. You do **NOT** need to register and apply as a Large Taxpayer. The Online Provider uses their Electronic Transmitter Identification Number (ETIN) and Electronic Filing Identification Number (EFIN) on your behalf.
- **Direct Transmission** – You transmit your corporate return directly to IRS with no assistance from another entity. You must register and apply as a Large Taxpayer to obtain an ETIN to transmit your return and an EFIN to originate the return.
- **Third-Party Transmitter** – You prepare and send your corporate return to an authorized IRS e-file Provider who then transmits your return to IRS. You must register and apply as a Large Taxpayer in order to obtain an EFIN to originate the return.



IMPORTANT! You need to verify the transmission methods that your software vendor provides through their tax preparation software. For example, if your software vendor is **not** a Transmitter, then you will have to either transmit your return yourself or find an Online Provider or Third Party Transmitter who can transmit your return for you.

Transmitter Types	How Does It Work?	How Does Return Get to IRS?	Large Taxpayer Needs Their Own EFIN to e-file?	Large Taxpayer Needs Their Own ETIN to e-file?
-------------------	-------------------	-----------------------------	--	--

Online Provider	Large Taxpayer must: <ul style="list-style-type: none"> Select an Online Provider Use the Online Provider's software to create their return Notify the Online Provider the return is ready to file Get notification from the Online Provider that the return has been successfully acknowledged by IRS with an Accepted or Rejected status 	Online Provider transmits the return	No	No
Direct Transmission	Large Taxpayer must: <ul style="list-style-type: none"> Register for e-Services Apply as a Large Taxpayer Choose the transmission method "MeF Internet" Ensure at least 1 (2 or more recommended) Responsible Official or Delegated User has the authority to use: <ul style="list-style-type: none"> "MeF Internet Transmitter" (IFA) Or <ul style="list-style-type: none"> "MeF System Enroller" (A2A) Complete Communications Test Contact e-help Desk to have ETIN moved to "Production" status Transmit Return Retrieve Acknowledgement File 	IFA or A2A	Yes	Yes
Third-Party Transmitter	Large Taxpayer must: <ul style="list-style-type: none"> Register for e-Services Apply as a Large Taxpayer Choose the transmission method "MeF Internet" Select a Third-Party Transmitter Provide completed return to Third-Party Transmitter Third-Party must: <ul style="list-style-type: none"> Check transmission file format Transmit return to IRS Retrieve Acknowledgement File and provide notification to the Large Taxpayer that the return has been successfully acknowledged by IRS with an Accepted or Rejected status 	Transmission channel is determined by Third-Party Transmitter	Yes	No (You will be assigned and receive an ETIN, but you will not need to use it)

How do I register with e-Services and apply to e-file as a Large Taxpayer?



It is recommended that you complete the e-Services Registration and IRS *e-file* Application process *at least 45 days* before you plan to file your electronic return. If you plan to transmit your own return, you should complete the e-Services Registration and IRS *e-file* Application at least *60 days* prior. (Transmitting your own return requires communications testing to ensure connectivity with IRS.)


Registration is a one-time, universal process that authenticates the individual registrant to the IRS through the use of "shared secrets" and enables you to do business electronically with the IRS.

All Responsible Official(s) and Delegated User(s) within your corporation who will be responsible for e-filing your corporate return and/or creating or maintaining your corporate IRS *e-file* Application will need to individually register with e-Services.

Note: The Responsible Official is not required to be a Corporate Officer or a Principal of the Firm.

Register with e-Services

To register, select the “**Not Yet Registered or Confirmed?**” link at <http://www.irs.gov/taxpros/article/0,,id=109646,00.html> or follow the instructions below:

1. At irs.gov, select the IRS *e-file* logo 
2. Select the “e-Services” link under IRS *e-file* Options For: “Tax Professionals”
3. Select “Registration Services” next to “**Not Yet Registered or Confirmed?**”
4. Click on the “Registration” link and follow the instructions. Pay particular attention on how to construct your Username and Password. You will need to safely record the Username, password, password recovery question/answer and the self-selected five-digit Personal Identification Number (PIN) which will represent your electronic signature. You will use this PIN to sign your corporation’s IRS *e-file* Application. You will also need the PIN to sign the application when you make any updates. Step by step instructions and screen shots of the registration process are available at http://www.irs.gov/pub/irs-schema/eservices_efile_application_process.pdf

If you are experiencing problems as you complete your e-Services Registration, contact the IRS e-help Desk at 1-866-255-0654 for assistance.

5. After you successfully register online, the IRS will mail a **confirmation code** to your official address of record.



You will have **28** days from the initial registration to access e-Services and input your confirmation number to successfully complete your registration. You **must** perform this step to complete the registration process.

Your e-Services password will expire every 180 days. You will receive screen notices within 15 days of expiration and an e-mail within 10 days of expiration. If you don’t access e-Services on a regular basis, you should set a reminder to access e-Services and update your password.

If you are experiencing problems as you complete your IRS *e-file* Application, contact the IRS e-help Desk at 1-866-255-0654 for assistance.

You will need the following information to register:

This information is not stored by IRS in the application or with your corporation’s records. It is only used to verify who you are and allow you to continue registration with e-Services.

- Legal name (verified with IRS & SSA records)
- Social Security Number (verified with SSA records)
- Date of birth (verified with SSA records)

- Telephone number
- E-mail address (If you do not provide your e-mail address, you will not receive a reminder regarding your password expiration.)
- Adjusted Gross Income (AGI) from either your current year or prior year filed tax return (verified from IRS records)
- Username. Select your preferred username. Please read the rules for selecting your username Password and PIN. Select your password and PIN. Please read the helpful hints on selecting a secure, unique password and PIN. (If your password has expired, you have forgotten or lost your password, go to this link for instructions to reset your password https://la2.www4.irs.gov/e-services/Registration/Reg_ForgotPwd/Reg_)
- Reminder question to recover a forgotten username
- Home mailing address (verified from IRS records). If you have moved since you last transacted with the IRS, please update your information when registering.

If you wish to review the instructions and the screens for registration, access the following link for IRS e-Services Registration Process for Large and Mid-Size Corporations:
http://www.irs.gov/pub/irs-utl/eservices_registration_process_-_09hf-3.pdf

Now that you have successfully registered, you are ready to create your corporation's IRS *e-file* Application.

Apply to e-file

First, you must determine who will perform certain functions for your corporation and gather the necessary information to complete your application. You will need to decide:

- Who will be your Responsible Official(s) (You can have up to five; IRS recommends that you have at least **two** for back-up purposes) and what authorities they will have
- Who will be your Delegated Users and what authorities they will have
- What form(s) you will *e-file*
- How you will transmit your return (covered in a later section)

Below are definitions that will help determine who will act as your Responsible Officials and Delegated Users.

A Responsible Official is:

- An individual with responsibility for and authority over your *e-file* operation
- An individual who is the first point of contact with the IRS and has the authority to create, revise and sign your IRS *e-file* Application
- An individual who is responsible for ensuring that your corporation adheres to the provisions of all publications and notices governing IRS *e-file*. (If one individual cannot fulfill these responsibilities, up to four additional Responsible Officials may be identified [for a total of five].)
- An individual who is a U.S. citizen or legal resident alien (lawful permanent resident) and has attained the age of 21 as of the date of the application.

Note: 1120-F filers who do not have a U.S. Citizen or legal resident alien to complete the

registration and application process must use the new ITIN procedures. Refer to the instructions at <http://www.irs.gov/businesses/corporations/article/0,,id=202451,00.html>.

You will need the following information for each Responsible Official you want to add to your corporation's IRS *e-file* Application: Name, Social Security Number, Position Title, Date of Birth and e-mail Address.

A **Delegated User** is an individual within your firm/organization, other than a Responsible Official, who is an employee, partner, or other member of the firm/organization or who has a business relationship with the firm/organization. The information you will need for each Delegated User you want to add to your corporation's IRS *e-file* Application includes: Name, Social Security Number, Title, and e-mail Address.

You can modify what "authorities" the Responsible Official(s) and Delegated User(s) can have. The Responsible Official that creates the corporation's IRS *e-file* Application can authorize any or all of the following permissions for either Responsible Officials or Delegated Users.

Authority to:

- View the corporation's IRS *e-file* Application Information
- Update the corporation's IRS *e-file* Application Information
- Sign and submit the corporation's revised IRS *e-file* Application
- Add, delete or change Responsible Officials
- Be designated as the corporation's MeF Internet Transmitter (Internet Filing Application (IFA) is the primary method for Large Taxpayers) or;
- Be designated as the corporation's MeF System Enroller (Application-to-Application (A2A) limited usage.)



It is important that Responsible Officials and/or Delegated Users and their authorities be deleted from the IRS *e-file* Application when they are no longer associated with the Large Taxpayer or when their position within the firm no longer warrants one or more authorities.

There are two distinct differences in creating an IRS *e-file* Application as a Large Taxpayer versus an individual/firm who is in the business of preparing and/or transmitting tax returns for profit.

1. Suitability checks are **NOT** performed on the Responsible Officials of Large Taxpayers.
2. You will be assigned **BOTH** an Electronic Filing Identification Number (EFIN) and an Electronic Transmitter Identification Number (ETIN) on the completion of your IRS *e-file* Application.

It is important to become familiar with the rules and requirements for participation in IRS *e-file* Program by reading the applicable IRS *e-file* documents. Publications and other information about IRS *e-file* and related topics, including state filing information, can be found on the IRS website at www.irs.gov and are also included in a later section of this document.

Step-by-step instructions along with a page by page preview of the e-file application process can be found at http://www.irs.gov/pub/irs-schema/eservices_efile_application_process.pdf

If you are experiencing problems as you complete your IRS e-file Application, contact the IRS e-help Desk at 1-866-255-0654 for assistance.

As a reminder, when you are in e-Services, you are in a secure environment. Do **NOT** use your browser “back” or “forward” arrows! Use the navigation buttons on the screens for “next” or “previous”.

What’s different in preparing my return to e-file?

Most corporations have been using software to prepare their return for years. With the requirement to *e-file*, the challenge will be to integrate all of the supporting data, transactional data, elections, disclosure statements and other items with your return. These documents can be prepared in a variety of software packages; with paper filing, you would just attach the document to your return. This section discusses how to handle these attachments. Complete instructions for all forms and potential attachments are contained in Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns*.

IRS requires all tax preparation software used for preparing electronic returns to pass the requirements for MeF Assurance Testing (ATS). You must use IRS approved software to prepare your return.



IRS does not require software vendors to support all forms. They are allowed to develop their tax preparation software based on the needs of their clients. You should ensure that your software vendor supports all of the forms/schedules, i.e. amended and short year return capabilities, you may need to *e-file* your return. Generally, **waivers are not granted for software limitations**.

Traditional Paper Filing Process

When taxpayers prepare paper consolidated corporate income tax returns, spreadsheets are commonly used to report the required data for each subsidiary. These spreadsheets are commonly used to report subsidiary data on Form 1120, other attached IRS forms such as Form 4562, and for supporting data (other income statement). These spreadsheets are attached to the consolidated return and mailed to IRS.

Taxpayers use tax preparation software to prepare most of their paper corporate income tax return but may also use other formats (Word, Excel, etc) to prepare supporting data. The documents containing supporting data are then attached to the portion of the return prepared by tax preparation software and mailed to IRS.

MeF Filing Process

MeF requires tax software approved for electronic filing to use IRS forms for reporting data for each subsidiary return. IRS provides all the business rules and XML schema requirements for each form, schedule and attachment. Generally, if a schema is provided for a specific form, you must submit the data in XML. See the current listing “Attachment-2009 Summary Chart of Filing Directions, Listed by Form Number” at:

<http://www.irs.gov/businesses/article/0,,id=216961,00.html>, for specifics. MeF requires supporting data to be included in tax preparation software or attached as PDF files. Statements with “columnar data” may be attached in PDF format.

Consolidated Returns

In addition to the parent return, tax software approved for electronic filing should allow taxpayers to create a separate “stacked return” for each subsidiary. Tax preparation software should allow taxpayers to report Eliminations and Adjustments as a separate “stacked return”. Tax preparation software may also allow taxpayers to use spreadsheets for the internal review of the return, but IRS requires all subsidiary data to be formatted and transmitted to IRS as “stacked returns”.

Aggregation of Data from Different Sources

Most software vendors will allow taxpayers to import/export data from other sources. Taxpayers are encouraged to discuss available options with their software vendor early in the return preparation process to determine how to prepare supporting data. Detailed examples and instructions on how to include supporting data can be found in Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns* and on the [irs.gov](http://www.irs.gov) website in the *Directions for Corporations Required to e-file* at:

<http://www.irs.gov/businesses/corporations/article/0,,id=146959,00.html>



In many instances, information on schedules attached to Form 1065 will be the same schedules required to be filed with the Form 8865, *Return of US Person with Respect to Certain Foreign Partnerships*. If a taxpayer has already prepared the Form 1065 and has completed Schedules B, D, K, K1, L, M-1, M-2, do **NOT** attach the Form 1065 schedules to the return. Instead, the data from the Form 1065 schedules should be copied to the corresponding Form 8865 schedules.

Attaching Data Not Defined in XML Schemas

When taxpayers prepare paper corporate income tax returns, they may or may not use tax preparation software to prepare the disclosure statements and/or elections required by Treasury Regulations or various IRS Publications. Taxpayers often use a variety of methods (Word, Excel, Election programs) to prepare the numerous disclosure statements and/or elections based on the unique needs of the particular return.

Unless specifically listed in the [Recommended Names and Descriptions for PDF](#) or are columnar or tabular format, all disclosure statements and elections to be included with the return in the specified XML format. MeF provides schema for many of the common elections and disclosures. In the event that a specific schema is not available, taxpayers should use the General Dependency Schema. The General Dependency Schema allows taxpayers to identify the disclosure statement/election using the following data elements:

- Form Line or Instructions Reference (optional)
- Regulation Reference (optional)
- Description (optional)
- Attachment Information (optional)

Beginning in Processing Year 2010, there will be three General Dependencies. Specific

information about using these dependencies can be found in Part III (General Dependency) of Publication 4163.

Detailed examples and instructions on how to prepare the disclosure statements and/or elections can be found in Part III (Creating Elections/Disclosure Statements Required by Regulations or Publications) of Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns*.

Attaching Data in PDF Format

Some disclosure statements and/or elections may require supporting data which cannot be entered into the specified formats (i.e. Plans of Merger, Plans of Reorganization, meeting notes, etc). In June 2006, IRS issued T.D. 9264, which eliminated reporting burdens and also eliminated regulatory impediments to the electronic filing of certain statements taxpayers are required to include on or with their Federal income tax returns. You should refer to T.D. 9264 at <http://www.irs.gov/pub/irs-regs/td9264.pdf> for specific information. In the event that this type of supporting data is still required, it may be exported to the appropriate XML schema, if your software supports it, or attached to the electronic return as a PDF file. The actual disclosure statement and/or election must be entered into the required XML format and only the supporting data submitted as PDF. Each file attached to a return must contain a unique, meaningful title and description for the attachment. If the description of the file is not representative of its contents, it may result in a delay in the return processing.

The following examples of descriptions may also delay processing:
“Other”; “PDF Attachment”; “Miscellaneous Information”.

The description will be used to identify the attachment when the IRS displays the PDF. For example: “Foreign Tax Credit Carryover”. (See Exhibit 5 of Publication 4163 for a detailed table of [“Recommended names and descriptions for PDFs”](#).)

T.D. 9300 - Eliminating Signature Requirements for Certain Forms

Many forms that may be attached to a return have separate signature lines. These signature requirements impeded electronic filing by:

- Requiring taxpayers to include third-party signatures on their tax returns
- Requiring taxpayers to attach documents or statements generated by third-parties
- Requiring a taxpayer to sign an IRS form and file it as an attachment to the taxpayer’s income tax return

Return Address and Name Control

The address on the first page of the electronic return, once processed by the IRS, will be used to update the taxpayer’s address-of-record. The IRS uses a taxpayer’s address-of-record for various notices that are required to be sent 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).

Returns with a foreign address in the entity portion of the Form 1120/1120S/1120-F may be filed electronically.

There will be instances in the preparation of the tax returns, forms or attachments when a two

character Foreign Country Code is required. The code should always be the code of the Foreign Country or Foreign Sovereignty as recognized by the US State Department. For example; Scotland, Wales, and England are part of the foreign country United Kingdom. The Foreign Country Code for United Kingdom is UK. The Balearic Islands are a part of Spain and should be coded as Spain, "SP". These are just a few examples. When entering foreign addresses on the return or form, the state or republic (such as Scotland or England) can be entered with the city; "London, England" and the country as "United Kingdom" or "UK". A complete listing of Foreign Country Codes can be found at <http://www.irs.gov/efile/article/0,,id=175595,00.html>.



The **Name Control** for corporations should be determined from the information specified on the first name line. Generally, the Name Control is derived from the first four characters of the corporation name and consists of up to four alpha and/or numeric characters. A detailed explanation of business Name Controls can be found at <http://www.irs.gov/businesses/corporations/article/0,,id=155677,00.html>.

Signing the Electronic Return

Since corporate returns filed through MeF are composed of electronically-transmitted data, you need a method for your corporate officer to legally sign the return. The corporation must designate an officer of the firm responsible for signing the corporate income tax return following the procedures outlined in Treasury Regulation Section 1.6062-1.

IRS developed Forms 8453-(C/S/I) for corporations to attach to their return.

- C - U.S. Corporation Income Tax Declaration for an IRS *e-file* Return
- S - U.S. S Corporation Income Tax Declaration for an IRS *e-file* Return
- I - Foreign Corporation Income Tax Declaration for an IRS *e-file* Return

As you prepare your return, you will have numerous supporting document attachments. One of those attachments will be the applicable Form 8453 that you will scan and attach to your return as a Portable Document Format (PDF) document. The corporate officer must sign and date the applicable Form 8453 to authorize the origination of the electronic submission of the return to the IRS prior to the transmission of the return. The Declaration of Taxpayer includes the taxpayer's declaration under penalties of perjury that the return is true, correct and complete. If you use a Paid Preparer to review and sign the return, then the paid preparer must also sign the Form 8453-(C/S/I) (the Paid Preparer must check the box in the "Paid Preparer's Use Only" section). Paid Preparers do not have to disclose their SSN or EIN on the copies they supply to taxpayers. If a third-party transmitter is used to transmit the return, the Form 8453-(C/S/I) also gives the taxpayer's consent to have the IRS send that third-party Transmitter an acknowledgement indicating whether or not the return was accepted and, if rejected, the reason(s) for the rejection. Your third-party transmitter will then provide that acknowledgement to you.



You **MUST** retain the original Form 8453-(C/S/I) that is physically signed by your corporation's Officer. It is recommended to retain this information for minimum of three years from the due date or extended due date of the tax return.

Note: If the electronic return data on a corporate income tax return is changed after the Declaration of Taxpayer is signed, you **MUST** sign a new declaration if the "Total Income"

amount differs by more than \$150 or the “Taxable Income” amount differs by more than \$100.

Tax preparation software approved for electronic filing should include Forms 8453-(C/S/I) which must be completed and signed by all required parties. These documents will then be scanned into a PDF document and attached to the electronic return. IRS approved MeF software will provide instructions for including the scanned document with your electronic tax return.



In the event that you are unable to electronically file your return, and the e-help Desk has directed you to file your return on paper, the corporate officer **MUST** sign the paper copy of the tax return before it is filed. Form 8453-(C/S/I) is **NOT** a valid signature option when filing a paper copy of a tax return. Detailed guidance can be found on the irs.gov website at <http://www.irs.gov/businesses/article/0,,id=177619,00.html> (Section C, Communication and General *e-file*, Frequently Asked Question (FAQ) Q21).

How do I transmit my electronic return to IRS?

There are different methods in which you can transmit your return to IRS. The IRS’ definition of a *transmitter* is someone who sends the electronic tax return directly to the IRS. A transmitter must complete an IRS *e-file* Application and be approved by IRS to transmit returns. Transmitters use an ETIN (Electronic Transmitter Identification Number) as they transmit returns to the IRS. As a large taxpayer, who completes an IRS *e-file* Application, you will be issued an ETIN that is used to transmit your return directly to IRS. If you decide to use a Third Party Transmitter, you will not need the ETIN.

Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters*, has complete information on both IFA and A2A. The software that developers create has to be approved by IRS and must be in Extensible Mark-Up Language (XML). MeF performs validations of the transmission and return data through business rules, schema validations, Simple Object Access Protocol (SOAP) envelope validation, Transmission Header and Manifest validation which applies to both IFA and A2A. Here’s a brief description of both:

Transmission Channels

Internet Filing Application (IFA) is a direct, secure internet connection that requires a person to initiate the transmission session. IFA provides a browser-based interface that allows an individual the ability to easily upload a return and transmit it securely over the internet. The speed at which your return transmits over the Internet is dependent on the speed your Internet Service Provider (ISP) provides.

As identified in the IRS *e-file* Application procedures, you must designate one or more of your Delegated Users as an “MeF Internet Transmitter”. It is highly recommended you designate more than one Delegated User to ensure you have a backup. If the corporation chooses to transmit their own return, the authorized MeF Internet Transmitter will access IFA through the MeF Internet Filing link at: <http://www.irs.gov/efile/article/0,,id=113420,00.html>. For additional step-by-step instructions, including screen shots for transmitting through IFA refer to Publication 4164, Modernized e-File Guide for Software Developers and Transmitters.

Prior to being moved to production status, the MeF Internet Transmitter must perform a communications test (a “handshake” with the IRS) to verify that you are able to transmit electronic return data to the IRS. Your ETIN is in a “test” status until you perform this communications test with IRS. After successful connectivity, you must contact the e-help Desk at 1-866-255-0654 to have your ETIN moved from “test” status to “production” status. Large Taxpayers do NOT need to perform a communications test each year. They perform the communications test the first year only. Software packages may have communication tests built in so that completing this requirement is relatively easy. You should follow the directions in the software or documentation package. If you have problems, you should contact the software developer who sold you the software or contact the technical support operation that comes with the software package.

The status of each form type you will be transmitting to the IRS can be viewed by accessing the firm’s IRS *e-file* Application and clicking on the “Forms” link. The form/format previously selected on your IRS *e-file* Application will be displayed in a table along with the status. The status is updated from “test” to “production” when required communication testing is completed. For more information regarding communication testing, refer to Publication 4162, *Modernized e-File Test Package for Forms 1120/1120S/1120-F/7004* or Publication 4505, *and Modernized e-File Test Package for Forms 1065/1065-B*.

Application-to-Application (A2A) is a “system-to-system” communication that requires a web services connection. You can find more information in the Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters*.

When an A2A transmission is complete, a receipt is created that is the response to the Send Submissions message. The next step is for MeF to validate the transmission file and the electronic returns and generate an Acknowledgement File, which is the official notification that the electronic return was Accepted (no errors) or Rejected (errors identified). If the electronic return is rejected, the Acknowledgement File will contain an Error Code Explanation(s) that can be used to identify and correct errors. The IRS makes the Acknowledgement File available for the Transmitter to retrieve as soon as MeF processing is completed.

Methods of Transmission

There are three options in which to *e-file* your tax returns:

The first method is **Direct Transmission** which allows you, as the corporation, to file your return directly with IRS. As a transmitter, you will be responsible for the following:

- Transmitting returns to IRS through IFA or A2A
- Retrieving the Acknowledgement File from IRS within two days of transmission
- Promptly correcting any transmission error that causes the electronic transmission to be rejected
- Ensuring the security of all transmitted data
- Contacting the IRS e-help Desk toll-free number 1-866-255-0654 for further instructions if an Acknowledgement of acceptance for processing has not been received within 24 hours of transmission

Refer to Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters*, which is available on irs.gov, for specific information on transmitting your return and correcting errors.

The second method is through a **Third-Party Transmitter**. This method involves having an Authorized IRS *e-file* Provider transmit your corporation's return to IRS. Contact the Third-Party Transmitter for instructions.

The third method is **Online Provider**. This option allows you to prepare your return and send it to the Online Provider, who will transmit the return for you. There is no Electronic Return Originator (ERO) involved in this process.

Retrieving an Acknowledgement

After transmitting your return, you will need to retrieve the acknowledgement. The Acknowledgement File is the official notification that the electronic return was Accepted (no errors) or Rejected (errors identified).



The Large Taxpayer transmitting the corporation's own return must retain the Acknowledgement file that contains the Acceptance Status "Accepted" as proof that their return was accepted by the IRS. A Status Record that shows that a return was "Acknowledged" is not proof that the return was Accepted. The Status Record shows that an Acknowledgement was generated but does not provide the status of the Acknowledgement - "Rejected" or "Accepted"

If the electronic return is rejected, the Acknowledgement File will contain an Error Code Explanation(s) that can be used to identify and correct errors. IRS makes the Acknowledgement File available for the MeF Internet Transmitter to "pick up" as soon as MeF processing is completed.

You will download the acknowledgement following the steps as outlined in Publication 4164. The acknowledgement is an XML file. The following is an example of an accepted acknowledgement:

```
<?xml version="1.0" encoding="UTF-8"?>
<AcknowledgementList xmlns="http://www.irs.gov/efile"
xmlns:efile="http://www.irs.gov/efile"><Count>1</Count><Acknowledgement
submissionVersion="2009v2.4"
validatingSchemaVersion="2009v2.4"><SubmissionId>00000020102200290018</SubmissionId>
<EFIN>00009</EFIN><GovernmentCode>IRS</GovernmentCode><SubmissionType>1120</Su
bmissionType><TaxYear>2009</TaxYear><SubmissionCategory>CORP</SubmissionCategory
><ElectronicPostmark>2010-09-15T19:09:37-
04:00</ElectronicPostmark><AcceptanceStatus>Accepted</AcceptanceStatus><ContainedAlert
s>false</ContainedAlerts><StatusDate>2010-09-
15</StatusDate><EIN>000008899</EIN><IRSReceivedDate>2010-09-
15</IRSReceivedDate><TaxPeriodEndDate>2009-12-
31</TaxPeriodEndDate><CompletedValidation>>true</CompletedValidation><EmbeddedCRC32
>0xa1a4c6c</EmbeddedCRC32><ComputedCRC32>0xa1a4c6c</ComputedCRC32><TaxableIn
come>233344556677</TaxableIncome><TotalTax>55555</TotalTax></Acknowledgement></
AcknowledgementList>
```

Elements of the Acknowledgement:

- SubmissionID is the identifying number that was given to your return.
- EFIN is your EFIN
- Government Code identifies whether the return was a federal or state return
- Submission Type identifies the form (1120, 1120S, 1065, etc.)
- Tax Year tells you the tax year of the return
- Submission Category tells you whether this was a corporate, partnership, or exempt organization return. This will allow you to download acknowledgements by submission category.
- Electronic Postmark is the date and time the ERO or taxpayer submitted the return to the transmitter. In the case of a Large Taxpayer who is transmitting their own return, the Electronic postmark should **NOT** be used.
- Acceptance Status is the status that tells you whether the return was Accepted or Rejected
- Contained Alerts tells you if the acknowledgement contains one or more Alert
- Status Date is the date the acknowledgement was created.
- EIN is the EIN of the entity filing the return.
- IRS Received Date is the date the IRS considers the return to have been received.
- Tax Period End Date is the date you indicated on the return as the Tax Period Ending Date
- Completed Validation tells you if the return completed both the schema and business rule validation. This is particularly important if the return was Rejected. If the completed Validation is "No" (false), there may be additional errors identified when you resubmit the return.
- Embedded CRC32 is the hash total your software package calculated was in the zip file you submitted.
- Computed CRC32 is the hash total the IRS computed was in the zip file you submitted. If the Embedded CRC32 and Computed CRC32 totals do not agree, you should contact the IRS e-help Desk.
- Taxable Income is the amount you entered in the Taxable Income line of your return. You should compare this amount with what is actually on your return. If the amounts do not match, contact your software vendor or IRS e-help Desk.
- Total Tax is the amount you entered in the Total Tax line of your return. You should compare this amount with what is actually on your return. If the amounts do not match, contact your software vendor or IRS e-help Desk.

What is considered a timely filed electronic return?

All prescribed due dates for filing paper income tax returns apply to electronic returns. You must ensure that the electronic return is transmitted on or before the due date (including extensions). An electronically filed return is not considered filed until the tax return (including the signature document or Practitioner PIN process) has been acknowledged and accepted by the IRS.

If you use a **Third-Party Transmitter** or use an **Online Provider**, they may provide an **Electronic Postmark**. The Transmitter or Online Provider creates the Electronic Postmark bearing the date and time (in the Transmitter's/Online Provider's time zone) that the return is received at their host computer. Your **IRS Received Date** is initially determined using the electronic postmark (using transmitter's time zone). If there is a question of the timeliness of your

return, and the Transmitter/Online Provider is located in a different time zone, your actual received date will be determined by adjusting the electronic postmark to the time zone where you are located.

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 from the postmark time to determine the actual postmark time (Eastern Time Zone).

Conversely, if the Transmitter provides an electronic postmark with a time in the Eastern Time Zone but the taxpayer resides in the Pacific Time Zone, the taxpayer must subtract three hours to the postmark time to determine the actual postmark time (Pacific Time Zone). Instructions can be found in Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns*.

If you are filing directly with IRS, your return is deemed filed when the tax return has been acknowledged and accepted by the IRS. Taxpayers filing directly may **NOT** use the electronic postmark.



All accepted Acknowledgements will include the “IRS Received Date” which is the date in which IRS deems the return received.

When a transmitted electronic return is rejected, there is a **10-day Transmission Perfection Period** to perfect that return for electronic re-transmission. For Form 7004, *Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns*, the perfection period is **5** days. Perfection of the return for electronic re-transmission generally means that the originally signed return may have errors in the format of the XML or errors that cause the return to fail the IRS *e-file* schema validation or business rules.

When a previously rejected electronic return is “Accepted” by the IRS within the 10-day Transmission Perfection Period, it will be deemed to have been received on the date of the first reject that occurred within that 10-day period. More detailed information and examples can be found in Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns*.

If the rejections cannot be corrected to comply with electronic filing requirements, then the corporation must file a paper return. The taxpayer required to e-file their return must contact the e-help Desk for permission to file their return on paper. The e-help Desk will provide direction to the corporation to file the paper return. To be considered timely filed, the paper return must be postmarked by the later of the due date of the return or **10 calendar days** after the latest transmission that was rejected.

Follow the steps below to ensure that the paper return is identified as a rejected electronic return and the taxpayer is given credit for the date of the first reject within the 10-day transmission perfection period:

1. The taxpayer must call the IRS e-help Desk (1-866-255-0624) to advise that they have not been able to have their return accepted. The e-help Desk will provide an e-Case number to the taxpayer.
2. Prepare your paper return and include the following:
 - An explanation of why the paper return is being filed after the due date
 - A copy of the reject notification
 - The e-Case number assigned by the IRS e-help desk
 - A brief history of actions taken to try to correct the electronic return
3. Write in **red** at the top of the first page of the paper return - **REJECTED ELECTRONIC RETURN – (DATE)**. The date will be the date of first reject within the 10-day transmission perfection timeframe. Please note that the information published in Notice 2005 – 88 contains incorrect information regarding paper filed returns. In order for the paper return to be considered timely, it must be filed by the later of the due date, or 5 calendar days after the date the Service last gives notification to the taxpayer that the return has been rejected, as long as the first transmission was made on or before the due date of the return (including extensions). Five (5) calendar days is incorrect – the correct number is 10 calendar days.
4. The paper return must be signed by the taxpayer. The Form 8453 (C/S/I) that was used on the electronically filed return that was rejected may not be used as the signature on the paper return.

If your return rejects, it is recommended that you also retain:

- A copy of the **Submission Receipt** received from IRS (Transmitter)
- A copy of the rejected **Transmission File** (Transmitter)
- A copy of the rejected **Acknowledgement** (Everyone)



It is not required, but it is recommended Large Taxpayers also retain a copy of the electronic return data **after** it is formatted into XML and before it is transmitted to IRS or a third-party transmitter. In the unlikely event there is a dispute concerning electronic data displayed by MeF systems, this file could be used as proof of the data as originally transmitted. Both IRS and the transmitter are required to retain a separate copy of the electronic return in the original format.

What publications or information are available to help me understand the e-file process?

The following publications and websites will help you understand the e-file process:

- **Publication 4162, Modernized e-File Test Package for Forms 1120/1120S/1120-F/Form 7004**

This document provides instructions on how to do the communications test (the “handshake”) with IRS to ensure you can send your returns to IRS.

- **Publication 4163 , Modernized e-File Information for Authorized IRS e-file Providers for Business Returns**
This document provides an overview of MeF, including transmission methods, business rules, stylesheets, and other information.
- **Publication 4164, Modernized e-File Guide for Software Developers and Transmitters.**
This document provides guidance to Electronic Return Originators in preparing and submitting Corporate, Partnership, Excise and Exempt Organization tax returns and extensions.
- **Publication 4205, Modernized e-File Test Package for Forms Exempt Organization Filings.**
This document provides guidance to Electronic Return Originators in preparing and submitting Exempt Organization returns and extensions.
- **Publication 4505, Modernized e-File Test Package for Forms 1065/1065B.**
This document provides guidance to Electronic Return Originators in preparing and submitting Corporate and Partnership tax returns and extensions.
 - **Frequently Asked Questions for Large and Mid-Size Corporations**
This website at irs.gov provides guidance to large corporations based on questions the IRS has been receiving since the e-filing requirement was issued.
- **Large.corporate@irs.gov**
This e-mail address provides an avenue to large corporations to submit questions on the e-filing requirement, how to *e-file*, etc.