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Electronic Tax Return Filing

P R A C T I C E G U I D E

Tax Division

July 1995

AICPA

American
Institute of
Certified
Public
Accountants

1455 Pennsylvania Avenue, N.W.
Washington, DC 20004-1081

Electronic Tax Return Filing

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1995 Electronic Tax Return Filing Practice Guide

The ***1995 Electronic Tax Return Filing Practice Guide*** has been prepared in a loose-leaf format to facilitate copying for personal or internal use and to accommodate those who wish to insert the material in a 3-ring binder with vinyl pockets.

In addition to cover, title page, and spine binder cards, we have provided two tabcards. One of these serves to identify resource material included as Appendices. The other tabcard can be used for ***IRS Publication 1345*** (a three-hole punched publication), which will allow all your electronic filing resource information to be located in one binder for quicker reference.

If you do not presently have a copy of ***IRS Publication 1345***, it may be ordered by calling 1-800-TAX-FORM (1-800-829-3676).

Electronic Tax Return Filing

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Tax Division

July 1995

American Institute of Certified Public Accountants

NOTICE TO READERS

Tax practice guides are designed as educational and reference material for the members of the Tax Division and others interested in the subject. They do not establish standards or preferred practices.

This guide is distributed with the understanding that the AICPA Tax Division is not rendering any tax or legal advice. A working group of the AICPA Tax Division's Tax Practice and Procedures Committee prepared this practice guide. The members of that working group are:

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PURPOSE

The primary purpose of this Electronic Tax Return Filing Practice Guide (Guide) is to assist practitioners with electronic tax return filing. The Guide is designed as educational and reference material for members of the AICPA Tax Division and others interested in the subject, and is distributed with the understanding that the AICPA Tax Division is not rendering any tax or legal advice.

PREFACE

As is common knowledge, the world of supercomputing has worked its way into our lives. It has changed the way we live in this modern society. It has also tremendously affected the way we do business and will more rapidly affect our normal modes of doing business in the near future. The effects of these rapid technological advancements will eventually dictate how we operate our CPA practices. We have seen, during the summer of 1994, the attempt to mandate electronic filing with the issuance of Revenue Procedure 94-34. However, the IRS has been unable to accommodate the rapid advancement of electronic requirements and, as a result of strong input from the AICPA and other groups, the requirements of Rev. Proc. 94-34 were temporarily softened by Rev. Proc. 94-51.

We have prepared the Guide as a manageable document that will help practitioners file returns electronically. The Guide should be used in conjunction with IRS Publication 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*. References will be made to Publication 1345 and *it is very important that you read the referenced sections*.

The Guide will lead you step-by-step through the electronic filing process. It explains how to get into the process, the items needed for return preparation, and the requirements for the actual transmission of a return. We have included checklists for various requirements that can be copied or changed for use in your tax practice.

Tax practice requires a working knowledge of tax laws and existing federal tax reference material. The Guide is intended to provide information that is current and accurate. It is presently intended that the AICPA Tax Division will update the Guide annually as routine changes are made in either the Internal Revenue Code, Treasury Regulations, or Internal Revenue policies related to electronic filing. Given its time-sensitive nature, users of the Guide should review all references to ensure that any subsequent statutory changes, interpretations, guidance, or court decisions are considered in light of advice being rendered to clients. Nevertheless, comments, questions, and suggestions are welcome. When this publication is updated, such comments will be valuable in making the product better for all members of the Tax Division.



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I. ELECTRONIC FILING ACRONYMS

Many acronyms are used in the electronic filing arena. We also have used these same acronyms throughout the Guide. Therefore, for reference as you review the Guide, a list of electronic filing acronyms follows:

ACK – Acknowledgment File

The electronic acknowledgment sent by the IRS to the transmitter that the returns have been received, accepted, or rejected.

DAN – Depositor Account Number

The number of the taxpayer's account to which the direct deposit of a refund should be sent.

DCN – Declaration Control Number

The 14-digit number assigned by the Electronic Return Originator (ERO) to each taxpayer's return that should be entered on the top left corner of Form 8453.

DDI – Direct Deposit Indicator

The indicator on the ACK file that shows whether the IRS will honor a taxpayer's request for a direct deposit. *(At press time, the DDI is only applicable to returns filed during pre-1995 filing seasons.)*

EFIN – Electronic Filing Identification Number

The six-digit number the IRS assigns to each applicant to the electronic filing program.

ELF – Electronic Filing

Electronic filing of tax returns.

ERO – Electronic Return Originator

The firm, organization, or individual who deals directly with the taxpayer, who prepares a tax return or collects a prepared tax return for the purpose of having an electronic return produced, and who obtains the taxpayer's signature on Form 8453 — the taxpayer's signature document.

FMS – Financial Management System

The place where refunds are issued for both paper and direct deposits.

RAL – Refund Anticipation Loan

A loan from a financial institution to a taxpayer in the amount of the expected refund, less fees.

RTN – Routing Transit Number

A nine-digit number that identifies the financial institution to which the direct deposit of a refund should be sent.

II. GETTING STARTED

A. Forms, Publications, and Revenue Procedures

The first step in the Electronic Filing (ELF) process is to obtain the most current revenue procedures relating to the responsibilities and obligations of a participant in the ELF program. (The revenue procedures in 1994 were 94-63 and 94-63A.) After these documents are reviewed, contact the ELF coordinator in your district to request the application for acceptance into the ELF program, Form 8633, *Application to Participate in the Electronic Filing Program*. (The names, addresses, and phone numbers for these coordinators are listed in Appendix M.)

In response to the request for Form 8633, the IRS will send a packet of information regarding ELF. The packet includes Publication 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*, Form 8633, and a fingerprint card. CPAs are exempted under Rev. Proc. 94-63 from the fingerprinting requirement if supporting documentation of CPA status is provided to the IRS. Nonetheless, the IRS will perform a credit check on each principal or responsible official as detailed in the instructions to Form 8633. A responsible official is someone who is responsible for the office and oversees the day-to-day operations of that office. The responsible official has the ability to offer guidance to the ERO. If the practice has multiple offices, one responsible official may be designated to cover ten locations as long as the responsible official has reasonable geographical ability to provide on-site guidance.

Publication 1345 should be used as a supplement to the Guide.

B. Application to Participate in the Electronic Filing Program

1. Completing Form 8633
(References are made to the August 1994 revision of Form 8633.)

When completing Form 8633, particular attention should be given to the following questions:

Q 1(l) – Most applicants should *not* check this box (for example, the box would not be checked if the applicant is charging a fee for providing electronic filing and/or tax preparation). However, if the applicant is an employer providing ELF as a benefit for its employees, then the box *would be checked*).

Q 3(a) – Check "yes" only if you plan on qualifying as a transmitter and will not be transmitting through a third party. If you are attempting to qualify as a transmitter, you will also need to obtain Publication 1346 and perform additional steps. The Guide should not be used by transmitters.

Q 3(e) – Check the block for the service center that applies to your office.

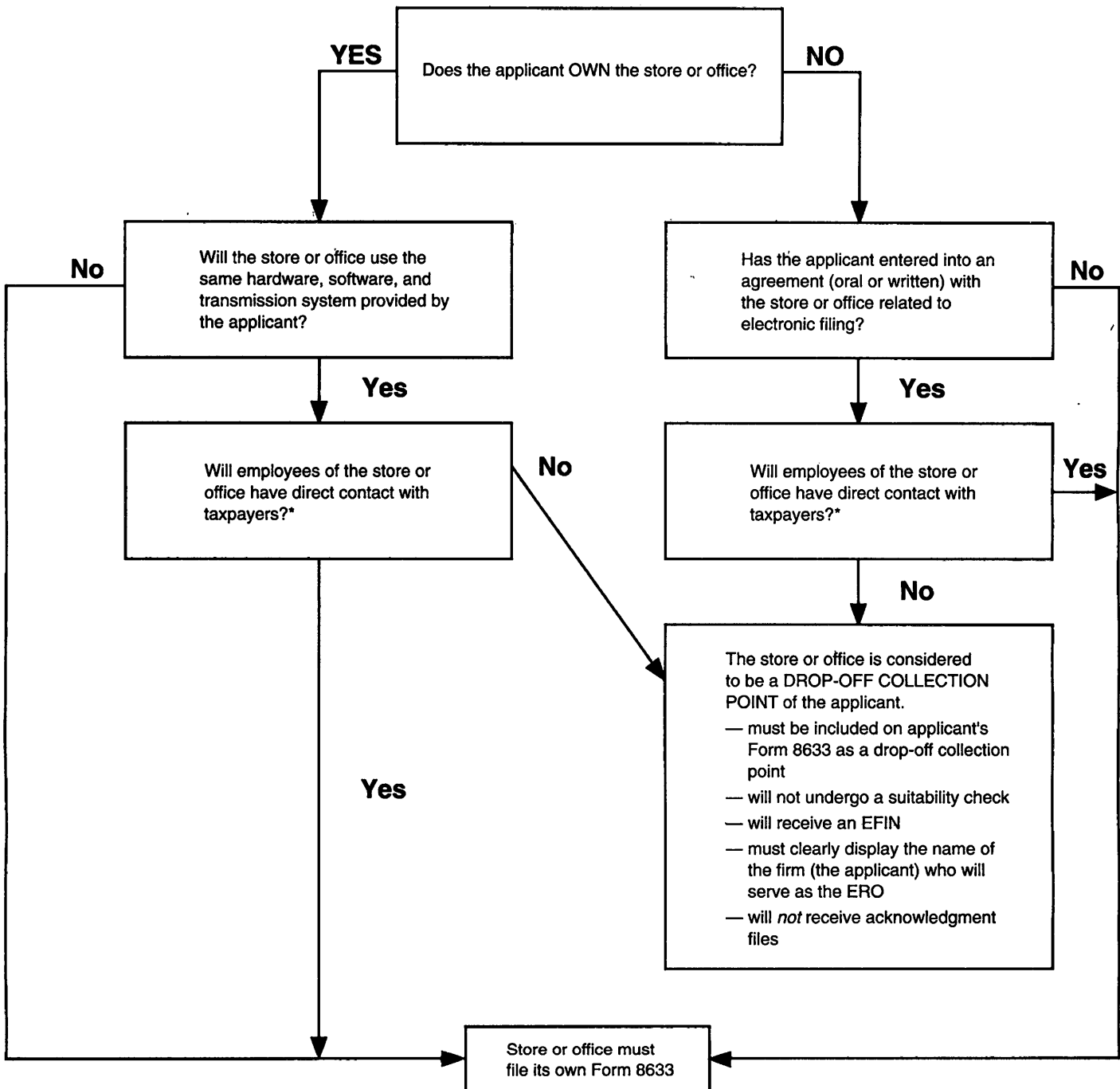
Q 1(k)(1) (page 2 of Form 8633) – In order to be exempted from the fingerprinting requirement, you will need to attach evidence of your current professional status.

2. Where to Apply and Who Should Apply

Form 8633 should be sent to the IRS service center covering the state in which your practice office is located. (These addresses are listed on the Form 8633.) Generally, for firms with multiple offices, Form 8633 should be sent where the practice's home office (parent applicant) is located. However, such firms must first determine to which of the two classifications (office or drop-off collection point) it is subject for the ELF application.

A drop-off collection point is an office in which a firm has multiple offices or owns another practice, and the offices will be using the same software and transmission system as that of the home office but will *not* have direct contact with the taxpayer. A drop-off collection point must be included on the parent's Form 8633, and it will receive its own EFIN. If the drop-off collection points are located in states not covered by the service center of the parent applicant, there is no requirement to file with the service centers of the non-home office locations. The service center with which the parent files will notify the affected service centers, and the respective service center will assign each drop-off collection point its own EFIN. Direct contact with taxpayers does *not* include collecting fees for electronic filing or ensuring that Form 8453 is signed. The following flowchart should help you determine what to include on Form 8633 and who should file Form 8633.

DETERMINING IF A STORE OR OFFICE MUST FILE FORM 8633



Direct contact and/or interaction with a taxpayer includes:

- * verifying money amounts listed on F8453 with return;
- * verifying RTNs and DANs, etc.

If collection of a fee for electronic filing and/or making sure Form 8453 is signed are the only contact employees of the office or store will have with taxpayers, these actions are *not* considered "direct contact" or "interaction" with the taxpayer.

3. Filing Deadline

Form 8633 must be filed by December 1 of the year prior to the filing season in which it is intended that electronic returns will be transmitted (e.g., by December 1, 1995, for returns to be filed from January 1, 1996 through August 15, 1996). Be careful to properly and completely fill in Form 8633 to ensure that the application is not rejected.

4. Confirmation of IRS Receipt

After Form 8633 is filed, a letter will be sent acknowledging its receipt. The letter also provides general information on the acceptance process, a suitability check (see below) and the practitioner's Electronic Filing Identification Number (EFIN). It is important to remember that EFINs are permanently assigned. They cannot be transferred and should not be used by any other filer.

C. Suitability Check

1. Reasons for Denial

The IRS will be looking for offenses committed under the revenue laws and Internal Revenue Code. Some possible reasons for denial of acceptance follow:

- Conviction of any criminal offense under the revenue laws of the United States, or of any offense involving dishonesty or breach of trust.
- Failure to file timely and accurate tax returns, both business and personal.
- Failure to pay personal or business tax liabilities.
- Assessment of penalties under the following Internal Revenue Code sections:

<u>Code Section</u>	<u>Section Title</u>
6659	Valuation Overstatements of Income Tax
6660	Valuation Understatements of Estate and Gift Tax
6661	Substantial Understatement of Tax Liability
6662	Imposition of Accuracy-Related Penalty
6663	Imposition of Fraud Penalty

6672	Failure to Collect and Pay Over Tax, or Attempt to Evade or Defeat Tax
6682	False Information with Respect to Withholding
6694	Understatement of Taxpayer's Liability by Income Tax Return Preparer
6695	Other Assessable Penalties with Respect to the Preparation of Income Tax Returns for Other Persons
6700	Promoting Abusive Tax Shelters, etc.
6701	Penalties for Aiding and Abetting Understatement of Tax Liability
6702	Frivolous Income Tax Return
6707	Failure to Furnish Information Regarding Tax Shelters
6708	Failure to Maintain Lists of Investors in Potentially Abusive Tax Shelters
6712	Failure to Disclose Treaty-Based Return Positions
6713	Disclosure or Use of Taxpayer Information
7213	Unauthorized Disclosure of Information
7216	Disclosure or Use of Information by Preparers of Returns.

- Suspension/disbarment from practice before the IRS.
- Other facts or conduct of a disreputable nature that would reflect adversely on the program.
- Misrepresentation on an application.

- Suspension or rejection from the program in a prior year. Suspension or rejection is permanent until corrective action is taken and approved by the IRS.

If an applicant's failure to pay taxes is the determining factor in his or her not being allowed to participate in the program, a conditional acceptance will be provided. The terms of the acceptance are as follows:

1. Applicant must pay all outstanding liabilities by the earlier of either of the following two conditions: within six months of applying to participate in the ELF program or the first day of service center electronic filing production, which is traditionally the second Friday of January (for example, January 13, 1995, for the 1995 filing season). The applicant is someone who has not participated in the ELF program in a previous year.
2. If the application is received after production begins, then the six months begin from the receipt of the application. No transmissions will be accepted until total payment has been received.
3. Failure to fully pay the liabilities will result in exclusion from the electronic filing program for two (2) filing seasons, including the current filing season. After two filing seasons, a new application must be submitted for reconsideration.

After passing the suitability check, you will receive a letter of acceptance. *Until your suitability is approved, returns cannot be filed electronically.* Returns should not be accepted for electronic filing until the practitioner is accepted into the program. *At no time are returns to be stockpiled for electronic filing in anticipation of acceptance.*

2. Rejected Application

If the application is rejected after the suitability check, information will be sent concerning appeal rights as follows:

- An applicant who has been denied participation in the Electronic Filing program has the right to an administrative review. During the administrative review process, the denial of participation remains in effect.
- In response to the submission of a Form 8633, the appropriate District Office will either 1) accept an applicant into the program or 2) issue a letter of proposed denial that explains to the applicant why the District Office proposes to reject the application to participate in the program. A sample letter of proposed denial is included in this Guide as Appendix I.
- An applicant who receives a proposed letter of denial may respond in writing to the District Office that issued the proposed letter of denial. The applicant's response must address the District Office's explanation for proposing the denial to participate. The district must receive the applicant's response within 30 days of the date of the

proposed letter of denial.

- Upon receipt of an applicant's written response, the District Office will reconsider its proposed letter of denial. The District Office may 1) withdraw its proposed letter of denial and admit the applicant into the Electronic Filing Program or 2) finalize its proposed letter of denial and issue it to the applicant.
- If an applicant receives a letter of final denial from the District Office, the applicant is entitled to an appeal (in writing) to the Director of Practice. A sample letter of final denial is included in this Guide at Appendix J.
- The appeal must be filed with the District Office that issued the denial letter within 30 calendar days of the date of the denial letter. An applicant's written appeal must contain a detailed explanation, with supporting documentation, of why the denial should be reversed. In addition, the applicant must include a copy of his or her Form 8633 and a copy of the denial letter.
- The District Office whose denial is being appealed will, upon receipt of a written appeal to the Director of Practice, forward to the Director of Practice its file on the applicant and material described in Revenue Procedure 94-63, Section 14.06, that the applicant has submitted to the District Office. The District Office will forward these materials to the Director of Practice within 15 calendar days of receipt of the applicant's appeal to the Director of Practice.
- Failure to respond within the 30-day period from the date of the denial or suspension irrevocably terminates an electronic filer's right to an administrative review or appeal.

3. Accepted Application

Once accepted, you will then be an Electronic Return Originator (ERO). An ERO is a firm, organization, or individual who has direct contact with the taxpayer and prepares returns to be filed electronically or accepts completed returns, including Form 8453, from taxpayers who intend to have the returns filed electronically.

D. Hardware and Software

Hardware and software options that are compatible with your current operations and requirements must be investigated. Tax software often links to electronic filing software and that is what dictates hardware requirements. Unfortunately, with the rapidly changing technology, it is not possible to recommend any specific options. An IBM-compatible personal computer equipped with an asynchronous modem is required. A higher baud rate is better than a lower baud rate. (Baud is a term used to measure the speed at which the modem transmits data.) Most higher speed modems will automatically convert to a lower speed if the other communicating modem is at a lower baud rate.

It is important to verify that the software has been accepted for electronic filing. Contact your

software vendor to obtain this verification.

E. State Electronic Returns

Many states now accept returns electronically; however, the state return must be associated with a federal return. The state electronic information is transmitted to the IRS along with the federal return. The IRS segregates the state information and submits that data to the appropriate state.

The federal/state ELF program is only available to calendar-year individual income tax returns. Each state may implement a direct deposit program. The taxpayer can either have his or her federal and state refunds deposited in the same account or different accounts.

If the state information contains errors, the entire return will be rejected and both the federal and state returns will need to be re-transmitted.

Once the IRS accepts a federal return which is accompanied by a state return, subsequent rejection of the state return by the state tax administration agency will not impact the accepted federal return.

Any questions regarding a state's participation or requirements for ELF and procedures for the non-electronic portion of a return should be directed to the state taxing authority. (The names, addresses, and telephone numbers for these coordinators, as well as their IRS Fed/State ELF counterparts, are listed in Appendix N.)

F. Electronic Filing System Bulletin Board

Information concerning ELF issues may be obtained by using a personal computer and dialing the IRS bulletin board. The ELF bulletin board is useful for CPAs seeking to access information from the IRS regarding ELF, and it is especially important in that it allows them to access changes that the IRS implements late in the filing season.

The bulletin board system operates 24 hours a day, seven days a week. The communication software should be set as follows:

- no parity
- 8 data bits
- 1 stop bit
- 9600 baud or less
- telephone number (606) 292-0137 (as of January 30, 1995)

For assistance, call the IRS at (606) 292-5621 during normal business hours.

G. Fraud Awareness

As in many business industries, there have been instances of fraud identified in the Electronic Filing Program. Electronic filers can assist the IRS in identifying potentially fraudulent returns before they are received in the Electronic Filing System. One way of doing this is verifying the identity of taxpayers who want their returns filed electronically, particularly if they are not regular clients.

Some indications of fraudulent activity include:

- Forms W-2 that are typed, handwritten, duplicated, or have noticeable corrections
- Forms W-2 for a firm, in an area that differs from other Forms W-2 from the same firm
- Suspicious person accompanying a taxpayer, and observed on prior occasions
- Multiple refunds directed to the same address or post office box
- Employment or earnings (that are the basis for refundable credits) which are not well-documented
- Similar returns: e.g., same amount of refund; same number of dependents; same number of Forms W-2

Close examination of Forms W-2 often provides clues regarding attempted fraud. Since Forms W-2 are so important in the fraud awareness process, EROs are required to advise the IRS whether each Form W-2 presented for electronic filing is a "Standard" or "Non-Standard" Form W-2. This is accomplished by entering an "S" for "Standard" or "N" in "Non-Standard" in the W-2 Indicator field for each Form W-2.

"Standard" and "Non-Standard" Forms W-2 are defined as follows:

Standard Form W-2: May be a computer-produced print, an IRS form, or an IRS approved facsimile.

Non-Standard Form W-2: May be an altered, handwritten, or typed Form W-2. Cumulative earnings statements and substitute W-2s are considered non-standard.

While the above items represent some indicators that a problem may exist, they cannot be looked at exclusively in every instance. The following are some scenarios that an ERO may encounter, some proposed conclusions, and how the ERO should react.

Scenario 1: A taxpayer walks into your office with a pay stub from an Armed Forces military installation on February 16. He wants you to prepare a substitute Form W-2 and file his return electronically. You have prepared a return for this taxpayer for each of the last three years.

Conclusion: If the return is prepared, then the "Non-Standard" Form W-2 indicator ("N") should be used. (See the above definition.)

Scenario 2: A taxpayer, who has been your client for five years, walks into your office with several Forms W-2 that are exactly like the Forms W-2 normally issued by those specific employers. The taxpayer has two children (one of them born in the current tax year); she asks you to prepare her return and requests a refund anticipation loan. (Chapter VI of this Guide provides information regarding refund anticipation loans.)

Conclusion: If the return is filed, the "Standard" Form W-2 Indicator ("S") should be used.

H. Advertising

Rev. Proc. 94-63 (or the most recently issued ELF revenue procedure) discusses advertising standards for EROs. The District ELF Coordinator can provide additional assistance and guidance regarding advertising.

III. WHAT CONSTITUTES AN ELECTRONIC RETURN

A. Definition

An electronic return consists of the following:

- electronic data transmitted to the IRS or State taxing authority and
- required paper documents such as Form 8453, Forms W-2, W-2G, 1099-R, and other items as discussed below.

B. Electronic Data (Acceptable and Unacceptable Forms and Schedules)

It is *important to note* that some IRS tax forms are not accepted by the IRS for electronic filing because of the IRS's programming limitations. Additionally, there are limitations on the acceptable number of particular forms such as Schedule C. If a return contains unacceptable forms, the entire return is excluded from electronic filing and must be filed on paper. Appendix C lists forms and schedules that are currently accepted by the IRS. Other reasons as to why a return may be excluded from electronic filing are also listed in Appendix D.

Remember: If a return is disallowed due to unacceptable forms, the entire return must be filed on paper.

For staffing and cost considerations, be aware that a significant amount of additional input is required for some items such as EINs and addresses for Forms W-2 and 1099 when inputting information into the computer.

1. Required and Acceptable Abbreviations

Standard input **abbreviations** are shown in Publication 1345, Exhibit 6. It is not mandatory that abbreviations be used **except for the following**:

& = and

% = in care of

If abbreviations are used, they should be in all capital letters. In order to avoid any potential mistakes, however, we recommend that the entire return be prepared in capital letters. Most software programs will alert the preparer of any errors that would result in a rejected return. Some programs will not allow a return to be filed electronically until all errors have been corrected.

2. Unacceptable Abbreviations

Certain abbreviations are not acceptable to the IRS and result in a rejected return. *Do not use the following abbreviations:*

- # – pound sign
- * – asterisk
- . – period

C. **Non-Electronic Data**

Non-electronic data are discussed in more detail in Chapter IV of this Guide; however, some examples include the following:

- Form 8453
- Form W-2
- Form W-2G
- Form 1099-R
- Documents requiring signatures
- Supporting material being voluntarily submitted by the taxpayer

If a return is received from a taxpayer which was prepared by another paid preparer but the Form 8453 was *not* signed by that paid preparer, then a copy of pages one and two of the Form 1040 must be attached and marked "Copy – Do Not Process." *Do this only if the return was prepared by another paid preparer, not if the return was prepared by the taxpayer.*

D. **Sending a Return Electronically**

Software should include detailed instructions on how to send an electronic return to the party who will transmit the return to the IRS (the transmitter). Most software vendors require that a return be transmitted by them, for a per-return fee. Some vendors prefer to receive direct transmissions from the preparer while others use a mail box service, such as CompuServe.

Most software programs' electronic filing options are menu-driven and are easy to follow. As mentioned above, most programs audit the returns for errors that would cause the return to be rejected.

E. **Acknowledgment of Receipt of Return by Transmitter**

The transmitter must provide the taxpayer with an acknowledgment file (ACK file) for his or her return within two "work" days after receipt of the acknowledgment from the IRS.

The ACK file can only be retrieved electronically. Many software programs automatically transmit ACK files at the beginning or end of subsequent return transmissions to the transmitter. Software vendors can provide more details regarding their procedures for acknowledgment. The ACK file should identify returns that have been either accepted, rejected, or identified as duplicate by the IRS.

1. Accepted Returns

If a return is not acknowledged, the return is considered by the IRS as not accepted. Therefore, errors must be resolved and the return must be resubmitted. The return must be acknowledged as an accepted return before the electronic portion can be considered a filed return. (See Appendix H for a monitoring log and rejection log for electronic returns which can be copied or modified for use in the practitioner's practice.) The acknowledgment file consists of several components, including the following:

- Acceptance code fields
- Duplicate code fields

An **acceptance code field** shows the status of each return in the file. The codes used are as follows:

- A** = return accepted
- R** = return rejected
- D** = duplicate return
- T** = the complete transmission was rejected

A **duplicate code field** occurs when the code in the acceptance code field above is "D." This field identifies where duplication occurred. The following codes are used:

D = declaration control number. The declaration control number (DCN) is a unique 14-digit number assigned to each tax return. Most software programs automatically generate this number. If a software program does not generate the DCN, refer to the index of Publication 1345 under "declaration control number" for an explanation of the assignment of this number. If a return has already been filed under the same DCN, the return will be rejected as a duplicate.

E = electronic funds transfer. This rejection occurs when a return with a direct deposit request has the same bank routing transit number and account number as another return which had been previously received by the IRS.

P = the primary Social Security number on the return is a duplicate of that included on a previously filed return.

S = the secondary Social Security number on the return is a duplicate of that included on a previously filed return.

2. Rejected Returns

If a return is rejected, notification of the rejection with an explanation (by way of rejection codes) will be sent. The data in the ACK file will also define the form, the page number for multi-page entries, and the field sequence number that caused the rejection errors. (See Publication 1345, Exhibit 18, for a listing and explanation of form/schedule record numbers and rejection error codes; and Exhibit 3, for details of the form field codes. It is recommended that you briefly scan these exhibits to become familiar with the process.)

If the tax return is not accepted by the IRS, the ERO must first determine the cause of the error. If an error is from format, the ERO may retransmit the return after corrections. If the error causes numerical or tax return position changes, the ERO must immediately inform the taxpayer. After corrections, the ERO must retransmit the tax return if the taxpayer so desires. If the taxpayer does not want to retransmit, the taxpayer must file a paper return. If a return continues to be rejected after three transmission attempts, the IRS service center electronic filing unit should be contacted. These service center telephone numbers are listed below:

- Andover Service Center (508) 474-9486
- Austin Service Center (512) 462-8900
- Cincinnati Service Center (606) 292-5621
- Memphis Service Center (901) 365-5690
- Ogden Service Center (801) 620-7444

IT IS IMPORTANT TO NOTE THAT A REJECTED RETURN IS CONSIDERED NOT FILED.

For further information or explanation of the codes used or the reason, contact your district ELF coordinator.

F. **Amended Returns**

Electronically filed returns cannot be intercepted or recalled. If any changes are necessary after a return has been accepted, an amended paper return must be filed with the IRS service center that accepts paper returns for the taxpayer.

IV. DECLARATION FOR ELECTRONIC FILING

Form 8453, *U.S. Individual Income Tax Declaration for Electronic Filing*, serves as the signature portion of the return. Form 8453 also serves as the taxpayer's authorization for the ERO to electronically file the return. It must be submitted the "next working day" after the acknowledgment that the return was accepted is received. It must be signed by the appropriate persons (e.g., for a joint return, both the husband and wife must sign). Also, if the practitioner is the person filing the return for the taxpayer (the ERO) *and* the paid preparer, he or she need only sign as the ERO in Part IV of the Form 8453 and check the box which indicates that the practitioner is also the paid preparer. *Do not sign as the paid preparer.*

Forms that are excluded from electronic filing should not be attached to Form 8453. Remember, if the return includes an unacceptable form, these returns are excluded in their entirety and must be filed on paper. (See [Chapter III](#) for additional discussion and [Appendix C](#) for a list of acceptable forms for electronic filing.)

A. Form 8453 Attachments

Form 8453 is required for all electronic returns. The following documents should be attached to Form 8453 for filing the non-electronic portion of the return:

1. Copy B of Forms W-2, W-2G, and 1099-R, which would normally be attached to the front of a paper return, should be attached to the front of Form 8453, overlaying Part II. Form 4852, *Substitute W-2*, may be used only if signed by the taxpayer. It is not acceptable to submit Forms W-2, W-2G, or 1099-R generated from tax information on the ERO's computer.
2. Documents containing required signatures. (Staple these forms to the *back* of Form 8453.) Examples include:
 - a. Form 2120, *Multiple Support Declaration*.
 - b. A physician's statement, as required, to support an entry on Schedule R, Part II.
 - c. A proof of blindness certification from a physician or registered optometrist.
 - d. Form 8283, *Noncash Charitable Contributions*, and all documents required by this form (e.g., an appraisal summary).
 - e. Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*.
 - f. Form 2848, *Power of Attorney and Declaration of Representative*.

- g. Form SSA-5028, *Receipt for Application for a Social Security Number*.
- 3. Other information documents that are not covered in item 2 above, or that are voluntarily being included with the return by the taxpayer as supporting material. (Staple these forms to the back of Form 8453).
- 4. If an ERO receives a return prepared by another paid preparer who is not connected to the ERO, and the taxpayer was not able to get the paid preparer's signature on Form 8453, then a copy of the Form 1040 or Form 1040A (pages 1 and 2 only), or Form 1040EZ must be attached to the Form 8453.

This copy should be marked "COPY – DO NOT PROCESS" to ensure the form is not processed as a return, which could delay the taxpayer's refund. **DO NOT ATTACH A COPY OF THE RETURN IF IT WAS NOT PREPARED BY A PAID PREPARER.**

The paper material must be stapled together in the following order from top to bottom: Form 8453, documents requiring signatures (item 2 above); material voluntarily being provided (item 3 above); and a copy of the paper tax return as appropriate (item 4 above). However, materials in item 1 above must be stapled to the front of Form 8453.

B. Completing Form 8453

The declaration control number (DCN) is located in the top left-hand corner of Form 8453. Only the DCN that has already been assigned to the return should be used. The DCN is assigned per return (i.e., the same taxpayer will have a different DCN each year). Most software programs automatically assign this number. These blocks *must* be completed.

The taxpayers' name, address, and Social Security number(s), tax return information, and direct deposit of refund information *must be identical to the information on Form 8453* that the taxpayer(s) signed and provided for submission to the IRS. In order to avoid unnecessary IRS delays in processing the tax return, the names for the taxpayer(s) and dependents on the return should be identical to the names as listed with the Social Security Administration (i.e., on an individual's Social Security card). Further, the last name of the dependent(s) should be included on the return. If no last name is provided, the IRS defaults to the last name of the parent.

The appropriate section for changes in taxpayer information may easily be overlooked. Please note the question in the last line of this section on the form for taxpayer information changes.

In addition, the ERO's address must not be included on Form 8453 or in the electronic portion of the return.

Part I – tax return information. The numbers on these lines (1-5) should be identical to the entries shown on the corresponding line of the electronic return. Only whole dollar entries should be used. Note on line 3 to check this block for withholdings shown on Form(s) 1099, if applicable.

Part II – direct deposit of refund. (If you are filing a balance due return or do not desire direct deposit, please go to the instructions for Part III.) For a refund to be eligible for direct deposit, the return must be filed electronically, must be for the current tax year, and the taxpayer must show the ERO proof of account. See Chapter VI of this Guide for proof of account and additional information and requirements for direct deposit.

Line 7 – The Routing Transit Number (RTN) must be nine digits.

Line 8 – Depositor Account Number (DAN). Begin with the left block. Use hyphens (-) but omit spaces or any other special symbols.

Line 11 – Ownership of account. Be sure to properly designate ownership. See Chapter VI of this Guide for further details.

Part III – Declaration of taxpayer. The signing of Form 8453 by the taxpayer(s) is the equivalent of signing a paper return. If the return is a joint return, be sure that both taxpayers sign Form 8453.

Part IV – Declaration of ERO and paid preparer. If you are the paid preparer *and* the ERO, you need only sign as the ERO and check the appropriate block. If you are only the paid preparer and the taxpayer will have someone else electronically file the return, you need only sign as the paid preparer. If the taxpayer or someone else prepared the return and you will only electronically file the return, you need only sign as the ERO (i.e., do not check the box as the paid preparer).

C. Filing Deadline

Form 8453 must be filed by the ERO by the "next working day" after acknowledgment of acceptance of the return. For a return accepted on the due date of the return (generally, April 15) to be considered by the IRS as timely filed, Form 8453 must be signed by the due date of the return (e.g., April 15).

D. Processing and Correspondence

If large numbers of Forms 8453 are mailed together, *do not staple the Forms 8453 together*. The IRS will only process the top Form 8453.

During the year, the IRS will correspond with the ERO listing any documents that were missing from the electronically filed returns. Therefore, it is important to retain all documents for a sufficient period.

E. Checklist

See Appendix G for a Form 8453 checklist which can be copied or modified for use in the practitioner's practice.

V. RESPONSIBILITIES OF AN ERO

A. Information Electronic Filers Must Provide to the Taxpayer

1. Completed Return and Form 8453

Electronic Return Originators must furnish the taxpayer with a copy of the completed return, identical with that filed with the IRS, including all completed forms and schedules. These forms may be official IRS forms, facsimiles of official forms, or ERO-designed forms that have data entries cross-referenced to line numbers of official forms. These documents must be supplied to the taxpayer at the same time the taxpayer signs Form 8453 and before the tax return is transmitted to the IRS. If the practitioner is the ERO *only*, a printed copy of the electronically filed return must be provided to the taxpayer.

The taxpayer should also be furnished with a signed and completed copy of Form 8453. The ERO is required to sign the form, as is the paid preparer. If the paid preparer is also the ERO, then the paid preparer's section should not be completed. In this case, only the box labeled "Check if also paid preparer" should be checked.

2. Forms 9325 and 9325A

EROs should use Form 9325, *General Information for Taxpayers Who File Returns Electronically*, or Form 9325A, *Acknowledgment and General Information for Taxpayers Who File Returns Electronically*, to inform the taxpayer of which IRS service center will process their electronic return. Form 9325 should be used if the form is provided to the taxpayer **before** his or her return is accepted by the IRS. Alternatively, Form 9325A should be used if the form is provided to the taxpayer **after** the return has been accepted by the IRS. The only difference between the two forms is that Form 9325A notifies the taxpayer on which date the return was accepted by the IRS and the DCN assigned to his or her return.

Both forms have some important and useful information that the taxpayer should be aware of, for example:

- information if the taxpayer needs to make a change to the tax return,
- information on direct deposits,
- what to do if a refund has not been received,
- disclosures on Refund Anticipation Loans (RALs), and
- information if tax is owed.

B. IRS Does Not Accept Return

If a return is rejected, notification of the rejection with an explanation (by way of rejection codes) will be sent. The data in the ACK file will also define the form, the page number for multi-page entries, and the field sequence number that caused the rejection errors. (See Publication 1345, Exhibit 18, for a listing and explanation of form/schedule record numbers and rejection error codes; and Exhibit 3, for details of the form field codes. It is recommended that you briefly scan these exhibits to become familiar with the process.)

C. Recordkeeping and Document Retention

All EROs must maintain the following documentation until December 31 of the filing season year (i.e., a 1995 tax return with an original due date of April 15, 1996, would require the maintenance of records until December 31, 1996):

- Copies of all materials furnished to the taxpayer. This includes a copy of the signed Form 8453 and a copy of Forms W-2, W-2G, and 1099-R. We recommend that a copy of any other attachments to Form 8453 also be retained.
- Complete copies of electronically transmitted returns that can be readily and accurately converted into an electronic transmission that the IRS can process. This can be retained on magnetic media (e.g., floppy disk and tape).
- Acknowledgment files received from the IRS or from your third-party transmitter. (See Chapter III for further discussion of Acknowledgment files.)

EROs who also serve as the paid preparer must maintain the same records and supporting documents as those required for a paper return.

All electronic filers must:

- comply with the requirements and specifications set forth in Publications 1345 and 1346, Revenue Procedure 94-63 (or the most recently issued ELF revenue procedure), and all other applicable revenue procedures;
- ensure that no other entity uses its EFIN. An EFIN cannot be transferred by sale, loan, or gift to another entity;
- maintain a high degree of integrity, compliance, and accuracy in order to continue to participate in the ELF program; and
- only accept returns for electronic filing directly from taxpayers, from drop-off collection points accurately identified on their Form 8633, or from other electronic filers who have applied and been accepted into the electronic filing program.

D. Responsibilities in Tax Practice

It is **important to remember** that the advisories which appear in *AICPA Statements on Responsibilities in Tax Practice* also apply to electronically filed returns. Information should always remain confidential and positions taken on ELF returns should always be substantiated.

VI. DIRECT DEPOSIT OF REFUNDS

Taxpayers may elect to have their income tax refunds deposited directly into their financial institution accounts. Enrollment in the direct deposit method is voluntary on the part of the taxpayer and may save at least a week in processing time. It is imperative that care be taken by both the taxpayer and the ERO when filling out the information for the direct deposit. If a mistake is made on a direct deposit transaction, the refund process is delayed six to ten weeks.

Overpayments cannot be split between direct deposits and a paper check refund. The overpayment can, as always, be split between an amount that is applied to next year's estimated tax and an amount that is refunded via direct deposit or a paper check refund.

A. Taxpayer Account Requirements for Eligibility

The account that the direct deposit is transmitted to must be a checking, share draft, savings, IRA, or money market account that is held in the United States. The account may not be a credit card account.

Some financial institutions may not accept "payable through" routing transit numbers for direct deposit. Therefore, a check or share draft that is "payable through" another financial institution may not be acceptable proof of account, as it shows the RTN of the "payable through" financial institution rather than that of the institution where the account is located. The taxpayer or the electronic filer must verify the RTN by contacting the financial institution where the taxpayer's account is housed. Failure to verify the RTN may result in the refund being sent to the wrong financial institution, which also will delay the refund for six to ten weeks.

1. "Payable Through" Accounts

Payable through: A check or share draft that is "payable through" another financial institution is not eligible as proof of an account since it contains the RTN of the "payable through" financial institution rather than the financial institution where the account is located. *Payable through financial institutions may not accept direct deposits to these types of accounts. Use of a "payable through" RTN could delay the refund.* This does not mean the taxpayer is ineligible for Direct Deposit. The taxpayer must produce another document from the financial institution, such as an account statement, which contains the RTN where the taxpayer's account is actually located. If the RTN is the same as on the check or share draft, the taxpayer should contact his or her financial institution to obtain the correct RTN to be used for direct deposit (sometimes called "electronic funds transfer").

Unacceptable Proof of Account
Check Payable Through Another Financial Institution

NAME OF DEPOSITOR STREET ADDRESS CITY STATE ZIP CODE _____ 19 _____	NO. 1801 15-3216 _____ 2230 01
Pay to the order of _____	\$ <input style="width: 100px; height: 20px;" type="text"/>
_____ DOLLARS	
PAYABLE THROUGH _____ Anywhere Bank Anywhere, U.S.A. THE CREDIT UNION Anywhere, U.S.A.	
Memo _____	
091901480 001 980024 85 1801	

Payable Through Information

The account designated to receive the direct deposit must be in the taxpayer's name only. The account cannot include the name of any other person unless:

- the filing status on the return is "Married Filing Jointly;" then the account name can be that of either or both spouses; or
- the filing status on the return is "Married Filing Separately;" then the account can be in the taxpayer's name or it can be a joint account with the spouse.

Note that some financial institutions do not permit the deposit of a joint refund into an individual account. In order to avoid delays, the tax practitioner should advise the taxpayer to verify the policy of the financial institution that will be receiving the direct deposit.

The taxpayer must provide proof of account to the ERO. Examples of proof are a check or photocopy of a check, or a form, report, or statement generated by the financial institution that includes the following information:

- Account name,
- Account number,
- Name of financial institution,
- Routing transit number.

B. Responsibilities of Electronic Return Originators for Direct Deposit

The following is a list of responsibilities that Electronic Return Originators have to taxpayers in regard to direct deposits. EROs:

1. Must accept all direct deposit elections to any financial institution that accepts direct deposits.
2. Must not charge a separate fee for the direct deposit election.
3. Must advise the taxpayer of general information regarding direct deposits:
 - Enrollment is voluntary on the part of the taxpayer,
 - Enrollment must be renewed each year that the taxpayer wants to participate,
 - Overpayments cannot be split between direct deposit and a paper check refund,
 - Taxpayer must complete and sign Form 8453 before return is transmitted.
4. Must ensure that the taxpayer meets eligibility requirements shown above.
5. Must ensure that the taxpayer provides the proper information on Part II of Form 8453. The ERO must also ensure that this data is transmitted correctly to the IRS with the electronic return.

6. Must ensure that the designated Routing Transit Numbers (RTNs) contain nine numeric digits.
7. Must be aware that proof of accounts can be in various formats.
8. Must stress to the taxpayer the importance of supplying the correct information to the IRS. Once data is submitted, the direct deposit election, the RTN, and the account number cannot be changed.
9. Must advise the taxpayer of the procedures to follow if there is a need to contact the IRS about a direct deposit request. This information is included on Form 9325 and Form 9325A.

C. Processing by the IRS

1. Initial Validation

Once the IRS receives the direct deposit request, it verifies the direct deposit data submitted with Part II of Form 8453 in its summary records. The IRS identifies any depositor account owner and filing status inconsistencies and depositor account number duplications. The RTN shown on the tax return is compared to a list of valid RTNs in the Financial Organization Master File. If the return shows any discrepancies in the initial validation steps, the return is rejected and the direct deposit request is denied.

D. Reasons for Denial of Direct Deposit

The following are reasons for the denial of a direct deposit:

1. If the taxpayer owes other balances, such as federal taxes from a previous year, student loan, child support, or payments to other federal or state agencies, the direct deposit request will not be honored. Instead, paper refund checks will be issued, net of any outstanding liability.
2. First Time Filer – Taxpayers who have not filed a tax return during the past ten years as a primary taxpayer using his or her current last name.
3. Cases where the current year return shows a refund greater than \$300, and there is at least one tax return that has not been filed in the past six years.

E. Processing by Financial Institutions

The next step in the direct deposit cycle after processing by the IRS is the transmission to the Financial Management System (FMS). This is where the refunds, both paper and direct deposits, are issued. Once the financial institution receives the direct deposit transmission from the FMS, they will credit the proper account based on the information received. If this is unsuccessful, the financial institution may attempt to credit the refund based on other data that accompanies the payment, such as name, address, or social security number. If this fails, the direct deposit must be returned to the FMS, where a paper refund check is generated. This process can delay the refund process for six to ten weeks.

F. Refund Processing Cycle

The IRS uses a weekly cutoff system for processing ELF returns. The cutoff is, generally, each Wednesday at noon. The IRS retrieves these returns on Saturday of the same week. On Wednesday of Week 2, the IRS transmits refund information to the FMS. The FMS makes the direct deposit on Friday of the same week. Paper check refunds are mailed Friday of Week 3.

G. Refund Anticipation Loans

Refund Anticipation Loans (RALs) are contracts between taxpayers and lenders who lend money based on the refund that the taxpayer anticipates receiving. The IRS and FMS are not associated with RALs, and the ERO must identify to the IRS all tax returns that involve RALs.

Any entity that is involved with ELF must ensure that the taxpayer knows that a RAL is an interest-bearing loan and not a quicker way of receiving a refund.

EROs may charge a fee for assisting taxpayers in applying for RALs, but the fee must be identical for all taxpayers and cannot be based on the refund or loan amount. EROs may also share in the flat fees that lenders charge, as long as these fees are not contingent on the refund or loan amount.

H. Refund Delays

The following conditions may delay and/or change a refund amount. In most of these cases, direct deposit requests will not be honored.

1. Taxpayer owes back taxes.
2. Taxpayer owes delinquent child support.
3. Taxpayer has a delinquent debt (student loan, etc.).

4. Last name and social security number of the primary taxpayer do not match the previous year. In this case the refund will be delayed at least one week for rematching.
5. Estimated tax payments reported on the tax return are different from the estimated tax payments recorded on the IRS Master File.
6. Taxpayer is considered a first-time tax return filer.
7. Taxpayer has at least one unfiled return during the last six years, and the current year tax return shows a refund due of at least \$300.
8. Taxpayer has a Schedule E claiming a deduction for a questionable tax shelter.
9. Taxpayer is claiming a blatantly unallowable deduction.

VII. OTHER CONSIDERATIONS

A. Payment of Balance Due Amount

An electronically filed "balance due" return is transmitted to the IRS in the same manner that a "refund" or "zero balance" return is filed. The electronic filer must provide the taxpayer with Form 1040-V, *Payment Voucher*, or a comparable form generated from the electronic filer's computer that has all the required information. This form does not need prior approval of the IRS as a substitute form.

The taxpayer is responsible for submitting the payment due to the IRS. The payment should be remitted with Form 1040-V and is due on or before the due date of the return (i.e., generally April 15). The IRS will send a notice to the taxpayer (Notice CP-14E, *IRS Balance Due Reminder Notice*), confirming the balance due. The notice will contain a tear-off stub that may be used as a payment voucher instead of Form 1040-V. The payment should *never* be attached to Form 8453.

It is the responsibility of the ERO to tell the taxpayer that the balance due should be paid by the due date of the return (e.g., April 15) and should be sent to the IRS service center where the return was electronically filed. The taxpayer will be sent a notice that will include tax due plus interest and penalties if payment is not received by the due date of the return (e.g., April 15).

B. Installment Agreement Request and Electronic Filing

Installment agreement requests can be made with Form 9465, *Installment Agreement Request*. There are some special rules when taxpayers wish to pay their taxes in installments and are filing electronically. Form 9465 should be sent to the IRS service center based on where the taxpayer resides. This may be different from the IRS service center where the electronic tax return was filed. Delays may result if Form 9465 is sent to the wrong service center. Form 9465 should be sent separately and not with Form 8453.

C. Non-Receipt of Refunds

Refunds should be issued three weeks from the date the IRS accepts the tax return. If the refund has not been received, the taxpayer should call the IRS toll-free Tele-Tax number at 1-800-829-4477. The taxpayer should contact the ERO to confirm the date the return was acknowledged by the IRS. Remember that the taxpayer may have been provided with Form 9325A, which also would have this information. (See Chapter V discussion of Form 9325A.)

If Tele-Tax indicates that a refund has not been issued, the ERO should advise the taxpayer to wait four weeks after the acceptance date before pursuing it any further. If the refund still has not been received and the taxpayer has not been notified by the IRS that a refund will be issued by check, the ERO should instruct the taxpayer to contact the local IRS district office for assistance.

If Tele-Tax indicates that the refund was issued, the taxpayer should wait one week after the date of issue. If it still has not been received, the ERO should advise the taxpayer to contact the local IRS district office to initiate a "refund trace." These traces are routed through FMS to financial institutions. If, four weeks after the original trace, the financial institution has not contacted the taxpayer or resolved the problem, the taxpayer should initiate a follow-up trace through the local IRS district office.

According to the IRS, inquiries made by EROs and transmitters should be made only after inquiries have been made by the taxpayer.

VIII. IRS ELECTRONIC FILER VISITATIONS

A. Purpose of Visits

Monitoring of electronic filers and their drop-off collection points is conducted by IRS service centers, district offices, and regional offices to ensure compliance with Revenue Procedure 94-63 and Publication 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*.

B. Who Performs Visits

Compliance visitations must be performed by a multi-functional team made up of the District Office Electronic Filing Coordinator (DOEFC) and representatives from the District's compliance functions (Collection, Criminal Investigation, Examination). Compliance visitations are most effective when more than one member of the multi-functional team is present. Therefore, all compliance visitations should include at least two team members.

The multi-functional team, prior to any visitation, should gather all available reports for supporting documentation. This includes the district's ELF 1541 Report and the district's Missing 8453 Report. This 1541 Report can be downloaded from the service center and the Missing 8453 Report can be obtained from the service center by request.

The multi-functional team should check with Criminal Investigation (CI) prior to making visits, to determine if CI has any of the electronic filers under investigation. If so, additional contact might have an adverse impact on an ongoing investigation. Coordination with CI must be completed prior to making visits to electronic filers under investigation.

C. Timing of Visits

The visits must be made during the course of the electronic filing season (January 13-August 15), with at least 80 percent completed by March 15.

D. Selection of Electronic Filers

The minimum number of monitoring visitations required must be based on a statistically valid random sample of accepted electronic filers on the District's database. The Districts should determine formulas to accomplish the random sample for meeting the number of visits to be made. After Districts establish their accepted electronic filers list, the list can be broken down to determine how many are not filing returns and how many are filing. A District which has 41 visits to make may want to only visit 10% of those who have not filed returns and 90% of those who are filing returns.

In addition to the statistically valid sample, visitations should be made when: assistance is requested; a referral is received from a district compliance function; information is provided to the district office from other electronic filers; or the DOEFC is aware of problems in the electronic filer's operation (i.e., the service center advises of an electronic filer with an unacceptable reject rate).

E. Items Reviewed by the IRS

The following are some items that the IRS considers when making a visitation.

1. **Advertising:** Is the content in accordance with the current ELF Revenue Procedure and Publication 1345? Review advertisements that have been distributed to print and live media. Are RALs clearly referred to as loans and not as actual IRS refunds? Observe the advertisement displayed in the electronic filer's office.
2. **Compliance:** Is the electronic filer complying with the requirements of the current ELF Revenue Procedure and Publication 1345 in its handling of acknowledgment files and returns?
3. **Fee Schedule:** Discuss the fees for service charged. On what are the fees based?
4. **Form 8453:** Review the Form 8453, *U.S. Individual Income Tax Declaration for Electronic Filing*, for completeness and accuracy. Are DCNs listed on Forms 8453 for all accepted returns? Are the entries on Form 8453 the same as those on the tax return? Is Form 8453 signed by the taxpayer (both spouses on a joint filing) before the return is transmitted? Is Form 8453 being submitted to the service center in a timely manner? Are copies available in the electronic filer's office?
5. **Forms W-2:** Review the Forms W-2. Are any handwritten or typed? Is the F.I.C.A. tax withheld amount shown on the W-2 the correct percentage of wages? Is the W-2 marked "Duplicate," or have changes been made to it? Any of these situations could be indicative of fraud.
6. **Return Preparation:** Was the correct filing status used? Are taxpayers provided with copies of their returns? Does the electronic filer provide the taxpayer with a completed copy of either Form 9325, *General Information for Taxpayers Who File Returns Electronically*, or Form 9325A, *Acknowledgment and General Information for Taxpayers Who File Returns Electronically*? Is there evidence of stockpiling returns?
7. **Comments:** Discuss problems the electronic filer may have encountered with the program.

8. **Third Parties:** Discuss the quality of service the electronic filer is receiving from the vendor. Are updates received in a timely manner from the software firm as required by Publication 1345? Does the third-party transmitter forward acknowledgment files in a timely manner?
9. **Suggestions:** Solicit suggestions that the electronic filer may have to improve the ELF system.

F. Warning and Suspension Guidelines

In situations where an electronic filer does not comply with procedures established in the current ELF Revenue Procedure or Publication 1345, the DOEFC will be responsible for either notifying the DOEFC in the District where the participant has its main office or initiating a warning or suspension letter to the filer. See Appendix K for a sample electronic filer suspension warning letter. Reasons for suspension are outlined in the current ELF Revenue Procedure. Warning and suspension letters must be signed by the District Director.

The Service can immediately suspend an electronic filer from the electronic filing program without notice. However, in most circumstances a suspension from participation in the electronic filing program is effective as of the date of the letter informing the electronic filer of the suspension.

If the District Office is notified of or discovers (through monitoring) questionable practices of an electronic participant, the district will perform the following:

1. Document the questionable practices;
2. Determine what area is affected (DOEFC district only or multiple districts);
3. Determine the controlling District, if more than one District is affected, by contacting the Regional Office Coordinator; and
4. Provide documentation of the violations to the DOEFC of the controlling District.

An example of the IRS's Electronic Filer Visitation Checklist is included in Appendix L. The DOEFC of the controlling District will be responsible for determining the seriousness of the reported violations and making recommendations in conjunction with the Regional Office Coordinator as to whether to issue a warning or suspension letter. If the electronic filer is operating on a regional or national basis, the Regional Office Coordinator will notify the National Office, who in turn will notify the National Public Affairs Office (PAO).

If it is determined that the violation is not serious enough to warrant immediate suspension of the participant, the IRS should take the following actions:

1. The electronic filer should be contacted verbally and given an outline of the complaints and the specific areas of noncompliance with the current ELF Revenue Procedure. If noncompliance warrants, a warning letter should be sent to the filer addressing the issues discussed. The warning letter does not need to be sent certified mail unless verbal contact was not possible.
2. If a warning letter will be issued, advise the Regional Coordinator and District PAO of the actions being taken.
3. The warning letter should contain the following information:
 - a. Complaints documented by the district office where the noncompliance has occurred.
 - b. Section of the current ELF Revenue Procedure where the noncompliance has occurred.
 - c. Action required by the filer to remain in the program.
 - d. A warning that if corrective action is not taken, the filer will be suspended from the program.
4. Copies of all warning letters should be sent to the Regional Office Coordinator after being issued.

If the participant fails to take the corrective action requested in the warning letter or the violation is of such a serious nature as to warrant immediate removal, a suspension letter will be issued.

1. The IRS should take the following actions prior to the issuance of the suspension letter:
 - a. Ensure that all complaints are thoroughly documented from all sources (i.e., Service Center, Regional Office, other District Offices, and other electronic filers).
 - b. The Regional Office Coordinator and District PAO need to be contacted prior to the issuance of a suspension letter. The district office should work with the Regional Coordinator to make sure all the concerns have been addressed.
 - c. Consideration should be given to advising District/Regional Counsel prior to issuance of the suspension letter.
2. Send suspension letters by certified mail and make sure they contain the following information:
 - a. Complaints documented by the district office;
 - b. Section of the current ELF Revenue Procedure where the noncompliance occurred;

- c. Notification of suspension; and
 - d. Appeal rights.
3. Provide copies of the suspension letters to the following organizations:
- a. Regional office;
 - b. Electronic filer's service center(s);
 - c. Director of Practice; and
 - d. National Office.
4. The Regional Office Coordinator will determine what additional notification (if any) needs to be made concerning the suspension.
5. Refer to the Field Address Directory and Executive Listing (Document 5143) for office addresses.

If the electronic filing participant is suspended, the DOEFC should call each Service Center indicated on the Form 8633. The service center will "block" the EFIN/EIN of the suspended electronic filer.

Suspension is permanent until corrective action is taken. Suspension is treated just like rejection from the program. The participant must go through the same steps to change his or her status as an applicant in rejected status.

IX. PRACTICAL HINTS FROM CPAs

A. Fraud and Security Policies and Procedures

Clearly define and document the firm's fraud policies and procedures.

Example: Some CPAs do not electronically file any returns that are not prepared by the CPA's firm.

Example: Some CPAs require proof of existence for all client bank accounts.

Clearly define and document the firm's security policies and procedures.

Example: Some CPAs do not encourage clients to sign up for direct deposit because they do not believe it advisable for anyone to divulge their bank account information (which will then be in tandem with their social security numbers in electronically filed data) in situations such as this where access cannot be very tightly controlled by the client or the CPA.

An electronic return filer has more responsibility than a paper return preparer, including the responsibility to timely file all electronically filed tax returns (federal and state). In contrast, the client used to have this responsibility. Now, with electronic filing, that responsibility is the CPA's.

B. Additional Requirements for Input

Expect slowdowns caused by the tax computer software. Additional time is required to figure out how to comply with the software and IRS parameters. Preparing an electronic return that can be transmitted and accepted by the IRS takes additional preparation time. Some of the slowdowns experienced include:

1. Detailed information (such as address and Employer Identification Number (EIN)) must be entered for Forms W-2 and 1099-R. These details may not be readily available if the client simply supplies the CPA with a summary of information. Therefore, additional time should be spent on the front end of the tax return engagement to ensure that all of the necessary information is provided to the CPA.
2. Differences in the interpretation of how to accomplish some things may cause errors in software processing or rejected returns from the IRS.
3. After the return is prepared, additional time is required for the conversion and transmission of the return. These two steps will tie up the computer for a period of time and there will be additional costs since a toll-free number is not available for the return transmission.

C. Form 8453

It is recommended that the returns not be electronically filed until the signed Form 8453 is in the CPA's office. Suggested approaches include:

- Clients may pick up their returns in the office and sign the Form 8453 at that time.
- Some clients who pick up their returns in the office may wish to review the return and then return the signed Form 8453 at a later date.
- For those clients who receive their return from the CPA via the mail, the Form 8453 could be mailed with the return with instructions to sign it and return it to the CPA.

Some clients may return the Form 8453 the next day and still other clients may require follow-up. It is very important to establish procedures and a tracking log for the Forms 8453.

D. Software Considerations

The chosen ELF software plays a large role in evaluating the ease of filing electronically. Some ELF software packages are unable to transmit some of the forms and schedules that the IRS accepts electronically. ELF software should be able to transmit every form and schedule that the IRS accepts. Some CPAs have found their tax software developer to be a source of support in addition to their ELF software developer.

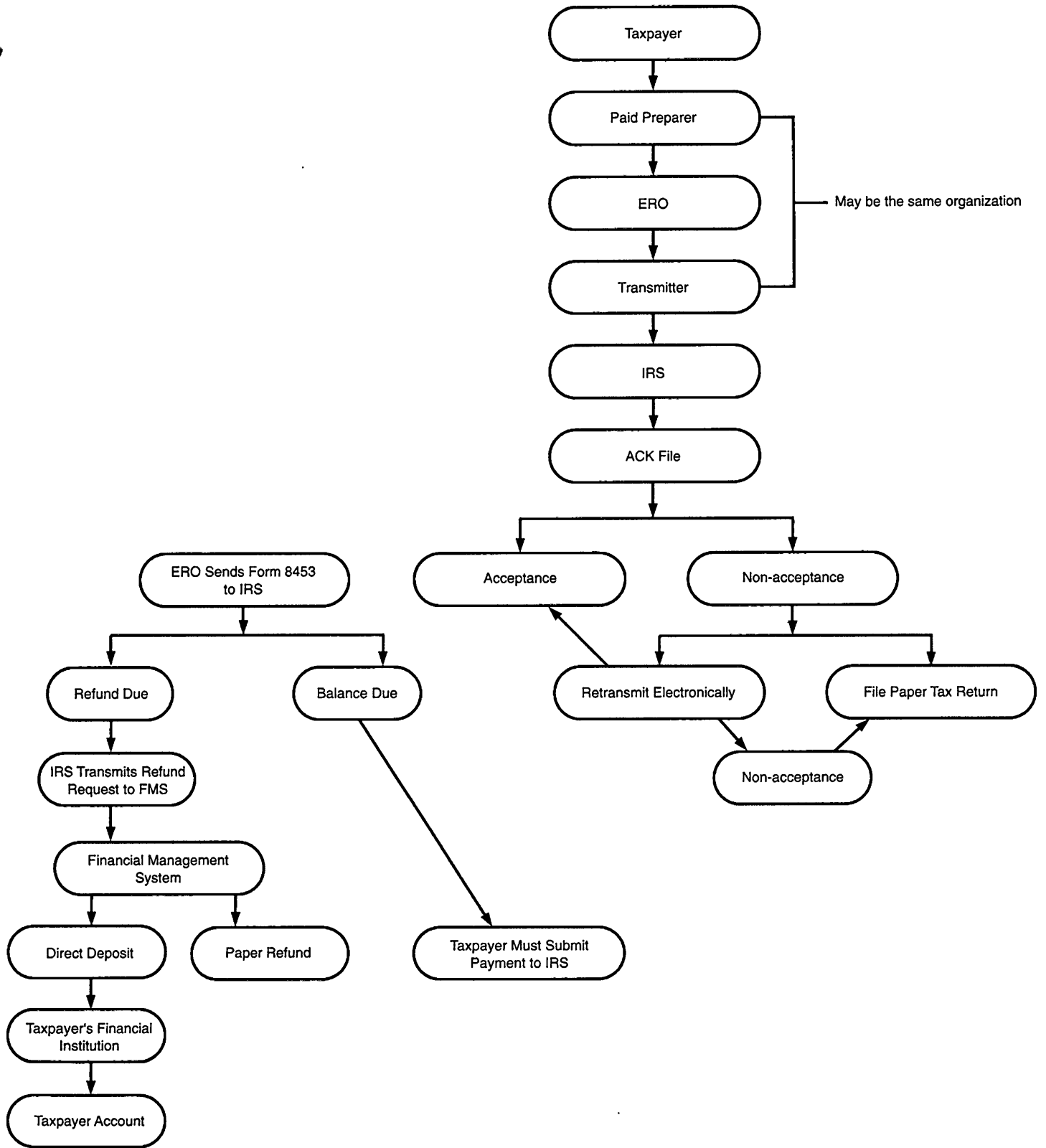
E. Federal and State ELF Differences

Allow for differences between federal and state electronic filing programs. For example, the 1995 filing season was California's first ELF year and they processed "refund only" tax returns. Consequently, some returns were filed electronically to the IRS and some were filed via paper to the state. CPAs should be prepared for the confusion and be ready to provide the necessary explanations that this difference will prompt from clients.

F. Client Education

Distribute a written explanation of electronic filing to clients *before* beginning to offer ELF. This simple step will save valuable time in explaining the ELF process during busy season. For example, send a one-page explanation with the tax organizer. At the end of the explanation or on the cover page of the organizer, a check box could be provided for the client to indicate whether he or she is interested in the electronic filing option.

ELECTRONIC FILING PROCESS FLOWCHART





**SELECTED ELECTRONIC FILING FORMS, NOTICES,
PUBLICATIONS, AND REVENUE PROCEDURES**

- Form 8453 - *U.S. Individual Income Tax Declaration for Electronic Filing*
- Form 8633 - *Application to Participate in the Electronic Filing Program*
- Form 9282 - *Form 1040 Electronic Payment Voucher*
- Form 9325 - *General Information for Taxpayers Who File Returns Electronically*
- Form 9325A - *Acknowledgment and General Information for Taxpayers Who File Returns Electronically*
- Form 9465 - *Installment Agreement Request*
-
- Notice CP-14E - *IRS Balance Due Reminder Notice*
-
- Publication 1336 - *Electronic Tax Filing (Questions and Answers for Tax Professionals)*
- Publication 1337 - *Electronic Filing of Tax Returns (Explanations for Taxpayers)*
- Publication 1345 - *Handbook for Electronic Filers of Individual Income Tax Returns*
- Publication 1346 - *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns*
- Publication 1436 - *Test Package for Electronic Filing of Individual Income Tax Returns*
-
- Revenue Procedure 94-11 - *Obligations of Participants in the Electronic Filing Program for Form 1040*

**ACCEPTABLE FORMS AND SCHEDULES
FOR ELECTRONIC FILING**

FORMS/SCHEDULES	TITLE
Form 1040	<i>U.S. Individual Income Tax Return</i>
Form 1040A	<i>U.S. Individual Income Tax Return</i>
Form 1040EZ	<i>Income Tax Return for Single and Joint Filers With No Dependents</i>
Schedule A	<i>Itemized Deductions</i>
Schedule B	<i>Interest and Dividend Income</i>
Schedule 1 (Form 1040A)	<i>Interest and Dividend Income for Form 1040A Filers</i>
Schedule C	<i>Profit or Loss from Business (Sole Proprietorship)</i>
Schedule C-EZ	<i>Net Profit from Business</i>
Schedule D	<i>Capital Gains and Losses</i>
Schedule E	<i>Supplemental Income and Loss</i>
Schedule EIC	<i>Earned Income Credit</i>
Schedule F	<i>Profit or Loss from Farming</i>
Schedule R	<i>Credit for the Elderly or Disabled</i>
Schedule 3 (Form 1040A)	<i>Credit for the Elderly or Disabled for Form 1040A Filers</i>
Schedule SE	<i>Self Employment Tax</i>
Form W-2	<i>Wage and Tax Statement</i>

FORMS/SCHEDULES**TITLE**

Form W-2G	<i>Certain Gambling Winnings</i>
Form 1099-R	<i>Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</i>
Form 1116	<i>Foreign Tax Credit</i>
Form 2106	<i>Employee Business Expenses</i>
Form 2119	<i>Sale of Your Home</i>
Form 2210	<i>Underpayment of Estimated Tax by Individuals, Estates and Trusts</i>
Form 2210F	<i>Underpayment of Estimated Tax by Farmers and Fishermen</i>
Form 2441	<i>Child and Dependent Care Expenses</i>
Schedule 2 (Form 1040A)	<i>Child and Dependent Care Expenses for Form 1040A Filers</i>
Form 3903	<i>Moving Expenses</i>
Form 4137	<i>Social Security and Medicare Tax on Unreported Tip Income</i>
Form 4255	<i>Recapture of Investment Credit</i>
Form 4562	<i>Depreciation and Amortization</i>
Form 4684	<i>Casualties and Thefts</i>
Form 4797	<i>Sales of Business Property</i>
Form 4835	<i>Farm Rental Income and Expenses</i>
Form 4952	<i>Investment Interest Expense Deduction</i>

FORMS/SCHEDULES**TITLE**

Form 4970	<i>Tax on Accumulation Distribution of Trusts</i>
Form 4972	<i>Tax on Lump Sum Distributions</i>
Form 5329	<i>Return for Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts</i>
Form 6198	<i>At-Risk Limitations</i>
Form 6251	<i>Alternative Minimum Tax – Individuals</i>
Form 6252	<i>Installment Sale Income</i>
Form 8283	<i>Noncash Charitable Contributions</i>
Form 8396	<i>Mortgage Interest Credit</i>
Form 8582	<i>Passive Activity Loss Limitations</i>
Form 8606	<i>Nondeductible IRA Contributions, IRA Basis, and Nontaxable IRA Distributions</i>
Form 8615	<i>Tax for Children Under Age 14 Who Have Investment Income of More than \$1,200</i>
Form 8814	<i>Parents' Election to Report Child's Interest and Dividends</i>
Form 8815	<i>Exclusion of Interest from Series EE U.S. Savings Bonds Issued After 1989</i>
Form 8828	<i>Recapture of Federal Mortgage Subsidy</i>
Form 8829	<i>Expenses for Business Use of Your Home</i>

EXCLUSIONS FROM ELECTRONIC FILING

The following returns are excluded from electronic filing:

1. Decedent returns, including joint returns filed by surviving spouses.
2. Returns with a power of attorney currently in effect for the refund to be sent to a third party.
3. Paper or electronically filed amended or corrected returns. Only one valid electronic return can be filed per taxpayer.
4. Returns containing forms or schedules not listed in Appendix C of the Guide, (e.g., Form 1040-NR, *U.S. Nonresident Alien Income Tax Return*).
5. Returns for any tax period other than January 1 to December 31 of the current tax year.
6. Returns for taxpayers with foreign addresses (army/air force (APO) and navy (FPO) post offices are not considered foreign addresses).
7. Returns *directly* from preparers, collectors, or firms who have not been accepted in the Electronic Filing Program. (This does not include drop-off collection points, which are included under the parent firm's application.)
8. Returns subject to community property rules with filing status "Married Filing Separately."
9. Returns with temporary Social Security numbers (within the range of 900-00-0000 through 999-99-9998).
10. Returns with dollars *and* cents entries.
11. Returns containing more than:
 - a. 30 statements,
 - b. 15 rental properties on Schedules E,
 - c. five Schedules E,
 - d. three Schedules C,
 - e. one Schedule C-EZ per taxpayer,
 - f. two Schedules F,
 - g. one Schedule SE per taxpayer,
 - h. 20 Forms W-2,
 - i. 30 Forms W-2G,

- j. 10 Forms 1099-R,
 - k. eight Forms 1116,
 - l. one Form 2106 per taxpayer,
 - m. one Form 4137 per taxpayer,
 - n. four Forms 4562,
 - o. one Form 4972 per taxpayer,
 - p. one Form 5329 per taxpayer,
 - q. three Forms 6198,
 - r. three Forms 6252,
 - s. two Forms 8283,
 - t. one Form 8606 per taxpayer,
 - u. three Forms 8814, or
 - v. one Form 8829 per each Schedule C.
12. Returns containing more than one of each schedule or form listed in Appendix C of the Guide and not specified in item eleven above.
 13. Returns which contain an entry on Schedule F under the "conservation expenses" line.
 14. Returns which contain an entry on Form 4255 under the "tax from property ceasing to be at risk" line.
 15. Returns which contain an entry on Form 4835 under the "conservation expenses" line.
 16. Returns which contain an entry on Form 6251 under the "AMT foreign tax credit" line.
 17. Returns which contain Form 8283 with the "property type" box checked as "art more than \$20,000."
 18. Returns which require special consideration or procedures for completion, such as returns for taxpayers who have formally requested and received waivers from the IRS or returns for taxpayers who have changed accounting methods.
 19. Returns for taxpayers who want the IRS to complete computation of their return (e.g., figuring credits on Schedule EIC or Schedule R).
 20. Returns containing like-kind exchanges on Form 4797, since Form 8824 cannot be transmitted electronically.
 21. Returns containing Schedule D-1, *Continuation Sheet for Schedule D*.

SAMPLE FORM 8633 AND INSTRUCTIONS

Form 8633 (Rev. August 1994)	Department of the Treasury – Internal Revenue Service Application to Participate in the Electronic Filing Program	FOR OFFICIAL USE ONLY EFIN: _____ ETIN: _____ OMB Number 1545-0991
This application is (check one) <input checked="" type="checkbox"/> new. <input type="checkbox"/> revised.		
If revised, please check the change you are making. <input type="checkbox"/> Firm name or doing business as (DBA) <input type="checkbox"/> Contact representative's name or telephone number <input type="checkbox"/> Electronic filing functions performed		
<input type="checkbox"/> Additional drop off collection points <input type="checkbox"/> Change in corporate officer or partner (see instructions) <input type="checkbox"/> Other (Specify) _____		
1. a. Firm's legal name as shown on firm's tax return DOE DOE & CO., P. C.		b. Firm's employer identification number and/or social security number (EIN/SSN) 00-000000
c. Doing Business As (DBA) (if other than the name in item 1.a.)		d. Is the firm controlled or owned by another electronic filer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No, skip to question 1k.
e. If 1d is "Yes," provide the owning or controlling "Electronic Filer's" name		f. ETIN _____ g. EFIN _____
h. Business address City _____ State _____ ZIP Code _____		i. Signature of responsible officer of the controlling Electronic Filer _____ j. Date _____
k. Check the box at the right that indicates your form of organization. (Continued on page 2.) <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership (Number of Partners) _____ <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Other (Specify) _____		l. Check this box if you will be providing electronic filing and/or tax preparation as a benefit and are not using the services to attract customers who will pay for tax preparation or transmission services. Eligible entities include employers offering electronic filing as a benefit to their employees, government agencies, VITA sites, etc. Attach to this form an explanation of how you will process returns for electronic filing. <input type="checkbox"/>
m. Name of contact representative (first, middle, last) JAMES J. DOE		n. Daytime telephone number (include area code) 111-111-1111
o. Name of alternate contact representative (first, middle, last) JAMIE J. DOE		p. Daytime telephone number (include area code) 111-111-1111
q. Mailing address (street or P.O. Box) 1666 SERVICE WAY City _____ State _____ ZIP Code _____		r. Business address (location of business) 1666 SERVICE WAY City _____ State _____ ZIP Code _____

2. List any previous Electronic Filer Identification Number(s) (EFIN) and Electronic Transmitter Identification Number(s) (ETIN) assigned to you or your firm.

3. Please answer the following questions by checking the appropriate box(es). See Publication 1345.		Yes No
a. Will you transmit tax return data directly to IRS? If "Yes," will you: <input type="checkbox"/> Transmit using IBM 3780 bi-synchronous communication protocol. OR <input type="checkbox"/> Transmit using asynchronous communication protocol. If you will be using asynchronous, indicate the file transfer protocol you will be using (mark only one): <input type="checkbox"/> XMODEM – Checksum <input type="checkbox"/> YMODEM – G <input type="checkbox"/> XMODEM – CRC <input type="checkbox"/> YMODEM – Batch <input type="checkbox"/> XMODEM – 1K <input type="checkbox"/> ZMODEM		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b. Will you write electronic filing software?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c. Will you prepare tax returns, including Forms 8453, or collect completed returns, including Forms 8453, for the purpose of filing forms electronically?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
d. Will you receive tax return information from other electronic filers, format return information and send returns to a Transmitter or Electronic Return Originator?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
e. I expect to transmit to or accept returns for transmission to the following service centers. (Software Developers: Also indicate service centers in whose areas you expect to market your software). <input type="checkbox"/> Andover <input type="checkbox"/> Austin <input type="checkbox"/> Cincinnati <input checked="" type="checkbox"/> Memphis <input type="checkbox"/> Ogden		
4. Check this box if you do not want your firm/company name released to the public as part of an electronic filing participants mailing list		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. Has the firm or any corporate officer, partner, owner or responsible official: (Explain "Yes" responses)		Yes No
a. been assessed any preparer penalties?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b. been convicted of a monetary crime?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c. failed to file personal or business tax returns, or unpaid tax liabilities?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
d. been convicted of any criminal offense under the U.S. Internal Revenue laws?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. Do you intend to file state returns electronically?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Is the firm open 12 months a year? If you answer "No" to question 7, give telephone number available 12 months per year. (include area code)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Applicant Agreement

Under the penalties of perjury, I declare that I have examined this application and any accompanying information, and to the best of my knowledge and belief it is true, correct, and complete. This firm and its employees will comply with all the provisions of the Revenue Procedure for Electronic Filing of Form 1040, U.S. Individual Income Tax Return, and related publications, for all years of participation.

Acceptance for participation is not transferable. I understand that if this firm is sold or its form of organization is changed, a new application must be filed. I further understand that noncompliance will result in the firm and/or the individuals listed on this application no longer being allowed to participate in the program. I am authorized to make and sign this statement on behalf of the firm.

8. Name and title of firm official and/or principal owner (type or print) JAMES J. DOE, PRESIDENT	9. Signature of firm official and/or principal owner 	10. Date 11-30-9X
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SAMPLE FORM 8633 AND INSTRUCTIONS

1k(1) (continued) Principals of Your Firm or Organization

Do not complete section 1k(1) if you checked the box in item 1d or 1l on page 1 of this form. If you are a sole proprietor, list your name, home address, and social security number, and respond to each question. If your firm is a partnership, list the name, home address, social security number, and respond to each question for each partner who has a five percent (5%) or more interest in the partnership. If your firm is a corporation, list the name, title, home address, social security number, and respond to each question for the President, Vice-President, Secretary, and Treasurer of the corporation. If you are a for-profit entity and checked "Other," on line 1k or you are a partnership and no partners have at least 5% interest in the partnership, list the name, title, home address, social security number, and respond to each question for at least one individual authorized to act for the firm in legal and/or tax matters. (You

may use continuation sheets.) The signature of each person listed authorizes the Internal Revenue Service to conduct a credit check on that individual.

Unless you marked the box in 1l, or your only "Yes" response in Section 3 is to question b., you must provide a completed fingerprint card for each corporate officer, owner or partner listed below. If a corporate officer, owner or partner changes, a completed fingerprint card must be provided for each new corporate officer, owner or partner. If the corporate officer, owner, or partner is an attorney, CPA, or enrolled agent, evidence of current professional status may be submitted in lieu of the fingerprint card (see instructions). Your application will not be processed if you do not provide the completed fingerprint card or evidence of professional status and signature of each corporate officer, partner or owner.

Type or print name (first, middle, last) and title JAMES J. DOE, PRESIDENT	U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Legal resident alien	Is the individual an attorney, CPA, or enrolled agent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the individual licensed or bonded in accordance with state or local requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Home address 111 ONE WAY SLAPOUT, AL	Social security number 222-22-2222 Date of birth (Month, day, year) 1-1-60	Signature <i>James J. Doe</i>	
Type or print name (first, middle, last) and title JAMIE J. DOE	U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Legal resident alien	Is the individual an attorney, CPA, or enrolled agent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the individual licensed or bonded in accordance with state or local requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Home address 111 ONE WAY SLAPOUT, AL	Social security number 333-33-3333 Date of birth (Month, day, year) 1-1-60	Signature <i>Jamie J. Doe</i>	
Type or print name (first, middle, last) and title	U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Legal resident alien	Is the individual an attorney, CPA, or enrolled agent? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is the individual licensed or bonded in accordance with state or local requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Home address	Social security number Date of birth (Month, day, year)	Signature	
Type or print name (first, middle, last) and title	U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Legal resident alien	Is the individual an attorney, CPA, or enrolled agent? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is the individual licensed or bonded in accordance with state or local requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Home address	Social security number Date of birth (Month, day, year)	Signature	

1k(2) Responsible Official

The responsible official is the person who is responsible for the operations of the office. The signature of the responsible official authorizes the Service to conduct a credit check on that individual. The responsible official must provide a completed fingerprint card. If the responsible official is an attorney, CPA, or

enrolled agent, evidence of current professional status may be submitted in lieu of the fingerprint card (see instructions). Provide the following information about the responsible official.

Name of Responsible Official (first, middle, last) JAMIE J. DOE	U.S. citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Legal resident alien	Is the individual an attorney, CPA, or enrolled agent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the individual licensed or bonded in accordance with state or local requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable
Home address 111 ONE WAY SLAPOUT, AL	Social security number 333-33-3333 Date of birth (Month, day, year) 1-1-60	Signature of Responsible Official <i>Jamie J. Doe</i>	

1k(3) Drop-off Collection Points - complete this section as specified. You may use continuation sheets.

Name and address of Drop-off Collection Point	Name of principal contact	Telephone number (include area code)
	Electronic Filer Identification Number (EFIN)	Does this office operate 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No
Name and address of Drop-off Collection Point	Name of principal contact	Telephone number (include area code)
	Electronic Filer Identification Number (EFIN)	Does this office operate 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No

SAMPLE FORM 8633 AND INSTRUCTIONS

Filing Requirements

Who Must File: File Form 8633 if you want to participate in the electronic filing program for individual tax returns. Refer to line by line instructions below for completing this form.

When to File: To ensure completed and timely review of your application prior to the beginning of the filing season, you must file an

application by December 1. Only revised applications will be processed between December 1 and June 1.

Where to File Applications: Send Form 8633 to the address which corresponds to the state in which your business is located.

How to Complete the Form

Page 1

Please indicate whether the application is new or revised and give your reason for filing a revised application by checking the appropriate box; if the reason is not listed, please explain.

File a new application if the applicant:

1. has never participated in the electronic filing program.
 2. was accepted as a "Branch Office" in prior years.
 3. has been denied participation or was previously suspended.
- A revised application should be filed in all other situations.

Line 1a—If your firm is a sole proprietorship, enter the name of the sole proprietor. If your firm is a partnership or corporation, enter the name shown on the firm's tax return.

Line 1b—If your firm is a partnership or a corporation, provide the firm's employer identification number (EIN). If your firm is a sole proprietorship, provide the social security number of the sole proprietor if you don't have an EIN.

Line 1c—If, for the purpose of electronic filing, you or your firm use a doing business as (DBA) name(s) other than the name on Line 1a, include the name(s) on this line. Use an attachment sheet if necessary to list all names and locations.

Line 1d—If another Electronic Filer owns or controls your firm, mark "Yes." Ownership is defined as the legal right to the firm. Control is defined as the ability to exercise authority or influence over the firm. If your firm is not owned or controlled by another firm, mark "No" and go to question 1k.

Line 1e—Provide the name of the Electronic Filer who owns or controls your firm.

Line 1f—Provide the Electronic Transmitter Identification Number (ETIN), if applicable, of the Electronic Filer who owns or controls your firm.

Line 1g—Provide the Electronic Filer Identification Number (EFIN) of the Electronic Filer who owns or controls your firm.

Line 1h—Provide the business address, city, state and ZIP Code of the Electronic Filer who controls your firm.

Line 1i—Provide an original signature of the responsible officer of the controlling Electronic Filer. This should be the person who is authorized to act and sign for the firm in legal and/or tax matters.

Line 1k—"Other" represents organizations that don't fall within the category of a sole proprietorship, partnership or corporation (e.g., associations; credit unions; an employer or organization who offers the service as a benefit to its employees or members; government agencies; Volunteer Income Tax Assistance (VITA) sites.)

Paperwork Reduction Act Notice – We ask for the information on this form to carry out the Internal Revenue laws of the United States. You must give us the information if you wish to participate in the electronic filing program. We need it to process your application to file individual income tax returns electronically.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 60 minutes. If

Privacy Act Notice – The Privacy Act of 1974 requires that when we ask you for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory.

For Paperwork Reduction Act Notice, see above.

Line 1k(1)-1k(2)—Each individual listed must be a U.S. citizen or lawful permanent resident, have attained the age 21 as of the date of the application and, if applying to be an Electronic Return Originator, meet state and local licensing and/or bonding requirements. Evidence of current professional status may be a copy of a certificate that the attorney, CPA, or enrolled agent is a member in good standing of the bar, regulatory agency, or the Service. If a certificate is not normally issued, a letter indicating good standing from the bar or regulatory agency will be sufficient. An enrolled agent may submit a copy of his/her current enrollment card issued by the Service.

Line 1l—Check this box only if you are providing electronic filing and/or tax preparation as a benefit and are not using the services to attract customers who will pay for tax preparation services. Generally, few applicants meet the criteria for checking this box. Eligible entities include employers offering electronic filing as a benefit to their employees, government agencies, VITA sites, etc. If you check this box, you must also attach a description of how you will process electronic returns.

Lines 1m-1p—IRS needs this information in case questions arise during testing or throughout the processing year.

Line 1q—Mailing address if different from the business address. Include P.O. box, if applicable. Remember, bulk shipments or overnight mail can't be addressed to a P.O. box. You must provide a year-round mailing address.

Line 1r—Address of the physical location of the firm. A P.O. box will not be accepted as the location of your firm.

Line 3a—If you answer "Yes," you must indicate if you will be using IBM 3780 bi-synchronous or asynchronous communication protocol.

Line 5b—Monetary crimes include, but are not limited to, money laundering, embezzlement, etc.

Line 6—Indicate if you will participate in Federal/State Electronic Filing. The state where you do business must offer a Federal/State program. See Publication 1345 for a list of states offering Federal/State Electronic Filing.

Page 2

Line 8-10—Signature lines. The responsible official to act and sign for the firm in legal and/or tax matters should complete these lines.

Drop-Off Collection Points—A drop-off collection point is a business where taxpayers can deposit their completed tax return, including Form 8453, for the purpose of having you file their returns electronically. Follow the format on Page 2 for listing your drop-off collection points. If you acquire additional drop-off collection points after you file your application, you will need to submit a revised Form 8633.

you have comments concerning the accuracy of this time estimate or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, D.C. 20224, Attention: IRS Reports Clearance Officer, PC:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0991), Washington, D.C. 20503. **DO NOT** send this application to either of these offices. Instead, see instructions on page 4 for information on where to file.

Our legal right to ask for the information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. We are asking for this information to verify your standing as a person qualified to participate in the electronic filing program. Your response is voluntary. Failure to provide the requested information could result in your disqualification from the electronic filing program. If you provide fraudulent information, you may be subject to criminal prosecution.

Form 8633 Page 3 (Rev. 8-94)

SAMPLE FORM 8633 AND INSTRUCTIONS

State in which business is located:

Connecticut, Delaware, Maine, Maryland, District of Columbia, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia

Mail to:**Regular Mail for New or Revised Applications**

Internal Revenue Service
Andover Service Center
Attn: EFU Acceptance
Testing Stop 983
P.O. Box 4099
Andover, MA 01888-4099

Overnight Mail for New or Revised Applications

Internal Revenue Service
Andover Service Center
Attn: EFU Acceptance
Testing Stop 983
310 Lowell Street
Andover, MA 05501

State in which business is located:

Illinois, Iowa, Kansas, Minnesota, Missouri, New Mexico, Oklahoma, Texas, Wisconsin

Mail to:**Regular Mail for New or Revised Applications**

Internal Revenue Service
Austin Service Center
Attn: PATS Stop 6381 AUSC
3651 South IH 35
Austin, TX 73301

Overnight Mail for New or Revised Applications

Internal Revenue Service
Austin Service Center
Attn: PATS Stop 6381 AUSC
3651 South IH 35
Austin, TX 73301

State in which business is located:

Florida, Indiana, Kentucky, Michigan, Ohio, South Carolina, West, Virginia

Mail to:**Regular Mail for New or Revised Applications**

Internal Revenue Service
Cincinnati Service Center
Attn: Electronic Filing Branch Stop 21
P.O. Box 12267
Covington, KY 41012-0267

Overnight Mail for New or Revised Applications

None

State in which business is located:

Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Tennessee

Mail to:**Regular Mail for New or Revised Applications**

Internal Revenue Service
Attn: PATS Stop 37
AMF P.O. Box 30309
Memphis, TN 38130

Overnight Mail for New or Revised Applications

Internal Revenue Service
Attn: PATS Stop 37
3131 Democrat Road
Memphis, TN 38118

State in which business is located:

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Mail to:**Regular Mail for New or Revised Applications**

Ogden Service Center
Attn: PATS Stop 1056
P.O. Box 9941
Ogden, UT 84409

Overnight Mail for New or Revised Applications

Ogden Service Center
Attn: PATS Stop 1056
1160 West 1200 South
Ogden, UT 84201

SAMPLE FORM 8453 AND INSTRUCTIONS

Declaration Control Number (DCN) IRS Use Only—Do not write or staple in this space.

00 - Y Y Y Y Y Y - Y Y Y Y Y Y - 5

Form **8453** **U.S. Individual Income Tax Declaration for Electronic Filing** OMB No. 1545-0936

Department of the Treasury Internal Revenue Service For the year January 1–December 31, 1994 **1994**

▶ See instructions on back.

Use the IRS label. Otherwise, please print or type.

L A B E L H E R E	Your first name and initial JOHN J.	Last name DOE	Your social security number 444 : 44 : 4444	
	If a joint return, spouse's first name and initial JANE J.	Last name DOE	Spouse's social security number 555 : 55 : 5555	
	Home address (number and street). If a P.O. box, see instructions. 123 MAIN STREET		Apt. no. ()	Telephone number (optional) ()
	City, town or post office, state, and ZIP code ANYTOWN , AL 00001			For Paperwork Reduction Act Notice, see instructions.

If the taxpayer's name changed during the past 3 years due to marriage, divorce, etc. and he or she filed a Federal income tax return for such years using the former name, enter the most recently used last name here. ▶

Part I Tax Return Information (Whole dollars only)

1 Total income (Form 1040, line 22; Form 1040A, line 14; Form 1040EZ, line 3)	1	432,123
2 Total tax (Form 1040, line 53; Form 1040A, line 27; Form 1040EZ, line 9)	2	1,756
3 Federal income tax withheld (Form 1040, line 54; Form 1040A, line 28a; Form 1040EZ, line 6). If any is from Form(s) 1099, check here ▶ <input type="checkbox"/>	3	97,138
4 Refund (Form 1040, line 62; Form 1040A, line 30; Form 1040EZ, line 10)	4	95,382
5 Amount you owe (Form 1040, line 64; Form 1040A, line 32; Form 1040EZ, line 11)	5	

Part II Direct Deposit of Refund (See instructions.)

6 Name of financial institution and, if applicable, branch name _____

7 Routing transit number (RTN)

X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

The first two numbers of the RTN must be 01 through 12 or 21 through 32.

8 Depositor account number (DAN)

X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

9 Type of account: Savings Checking

10 Proof of account: Check Other

11 Ownership of account: Self Spouse Self and Spouse

Part III Declaration of Taxpayer

Under penalties of perjury, I declare that the information I have provided to my electronic return originator (ERO) and the amounts shown in Part I above agree with the amounts shown on the corresponding lines of my 1994 Federal income tax return. To the best of my knowledge and belief, my return is true, correct, and complete. I consent that my return, this declaration, and accompanying schedules and statements be sent to the IRS by my ERO. I consent that my refund be directly deposited as designated in Part II above. I declare that the information shown on lines 6 through 11 in Part II above is correct; and I authorize the IRS to inform my ERO and/or transmitter whether my request for Direct Deposit will be honored. If I have filed a joint return and elected Direct Deposit, this is an irrevocable appointment of the other spouse as an agent to receive the refund. If I have filed a balance due return, I understand that if the IRS does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties. If I have filed a joint Federal and state tax return and there is an error on my state return, I understand my Federal return will be rejected. If the processing of my return or refund is delayed, I authorize the IRS to disclose to my ERO and/or the transmitter the reason(s) for the delay, or when the refund was sent.

Sign Here

John J. Doe 8-15-95 *Jane J. Doe* 8-15-95

Your signature Date Spouse's signature. If a joint return, BOTH must sign. Date

Part IV Declaration of Electronic Return Originator (ERO) and Paid Preparer (See instructions.)

I declare that I have reviewed the above taxpayer's return and that the entries on Form 8453 are complete and correct to the best of my knowledge. If I am only a collector, I understand that I am not responsible for reviewing the taxpayer's return; I declare that Form 8453 accurately reflects the data on the return. If Part II is completed, I declare that I have verified the taxpayer's proof of account and it agrees with the name shown on this declaration. I have obtained the taxpayer's signature on Form 8453 before submitting this return to the IRS, have provided the taxpayer with a copy of all forms and information to be filed with the IRS, and have followed all other requirements described in Pub. 1345, Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 1994). If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration of Paid Preparer is based on all information of which the preparer has any knowledge.

ERO's signature <i>James J. Doe</i>	Date 8-15-95	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	Your social security number 111-11-1111
Firm's name (or yours if self-employed) and address DOE DOE & CO., P.C. 1666 SERVICE WAY, ELLTOWN, YA	E.I. No. 00 : 000-0000	ZIP code 12345-1666		

Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed Preparer's social security no. _____

Firm's name (or yours if self-employed) and address _____ E.I. No. _____

ZIP code _____

SAMPLE FORM 8453 AND INSTRUCTIONS

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 15 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0936), Washington, DC 20503. **DO NOT** send this form to either of these offices. Instead, see **When and Where To File** below.

Purpose of Form

Use Form 8453 to:

- Authenticate the electronic portion of Form 1040, 1040A, or 1040EZ.
- Transmit any accompanying paper schedules and statements.
- Authorize the ERO to transmit via a third-party transmitter, and
- Provide the taxpayer's consent to directly deposit any overpayment.

When and Where To File

This form must be mailed to the service center where the electronic return was transmitted on the next working day after the ERO has received acknowledgment from the IRS that the return was accepted. Only the Andover, Austin, Cincinnati, Memphis, and Ogden Service Centers can accept electronically filed returns. For more details, get **Pub. 1345, Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 1994)**. It contains step-by-step mailing instructions and complete addresses for each of these service centers.

Line Instructions

Declaration Control Number (DCN).—The DCN is a 14-digit number assigned by the ERO to each taxpayer's return. It must be clearly typed or printed in the top left corner of each Form 8453, one position per box, prior to shipment to the IRS. The ERO should enter this number only after the IRS has acknowledged receipt of the electronic portion of the return. The number should be entered as follows:

Boxes	Entry
1-2	File identification number (always "00")
3-8	Electronic filer identification number (EFIN) assigned by the IRS
9-11	Batch number (000 to 999) assigned by the ERO
12-13	Serial number (00 to 99) assigned by the ERO
14	Year digit (for 1995, the year digit is "5")

Example. The EFIN is 509325. The batch number is 000. The serial number is 56. The DCN should be 00-509325-00056-5.

Name, Address, and Social Security Number.—If the taxpayer received a mailing label from the IRS, place the label in the name area. Cross out any errors and print the correct information. Add any missing items, such as apartment number. If the taxpayer did not receive a label, print or type the information in the spaces provided. Please verify that the social security number (SSN) is clear and correct. An incorrect or missing SSN may delay any refund. If a joint return, be sure the names and SSNs are listed in the same order.

P.O. Box.—If the post office does not deliver mail to the taxpayer's home and the taxpayer has a P.O. box, enter the box number instead of the home address.

Note: The address must match the address shown on the electronically filed Form 1040, Form 1040A, or Form 1040EZ.

Part I—Tax Return Information

Line 3.—Include any withholding from Form(s) 1099 in the amount you enter on line 3. Also, be sure to check the box on line 3.

Line 5.—For balance due returns, do not attach the check or money order to Form 8453. Instead, mail it with Form 1040-V to the address shown on that form.

Part II—Direct Deposit of Refund

Taxpayers can elect to have their refund directly deposited by completing Part II.

Line 7.—The routing transit number (RTN) must contain nine digits. If the RTN does not begin with 01 through 12 or 21 through 32, the Direct Deposit request will be rejected.

Line 8.—The depositor account number (DAN) can contain up to 17 alphanumeric characters. Include hyphens but omit spaces and special symbols. If fewer than 17 characters, enter the number from left to right and leave the unused boxes blank.

Line 10.—To be eligible for Direct Deposit, taxpayers must provide proof of account ownership to their ERO. An acceptable proof of account ownership is a check, form, report, or other statement generated by the financial institution that has the taxpayer's name, RTN of the financial institution, and the depositor account number preprinted on it.

For accounts that are payable through a financial institution other than the one at which the account is located, the taxpayer must provide a document, such as an account statement or account identification card, showing the RTN of the bank or institution where the account is located. A deposit slip should not be used to verify the RTN and account number because it can contain internal routing numbers that are not part of the RTN.

If there is any doubt about the correct RTN, the taxpayer should contact the financial institution and ask for the correct RTN for Direct Deposit (Electronic Funds Transfers).

Note: Some financial institutions may not accept Direct Deposits into accounts that are payable through another bank or financial institution, including credit unions.

Line 11.—The account designated to receive the Direct Deposit must be in the taxpayer's name. If the taxpayer's filing status on the return is married filing jointly, the account can be in either or both spouses' names. If the filing status is married filing separately, the account can be in the taxpayer's name, or it can be a joint account in both spouses' names.

Note: The account cannot include the name of any other person unless the taxpayer's filing status on the return is married filing jointly or married filing separately, and the taxpayer's spouse is the other name listed on the account.

Some financial institutions do not permit the deposit of a joint refund into an individual account. The IRS is not responsible when a financial institution refuses a Direct Deposit for this reason.

Part III—Declaration of Taxpayer

An electronically transmitted income tax return will not be considered complete, and therefore, filed, unless and until a Form 8453 signed by the taxpayer is received by the IRS.

The taxpayer's signature allows the IRS to advise the ERO and/or the transmitter if a Direct Deposit election will not be honored. It also allows the IRS to disclose to the ERO and/or the transmitter the reason(s) for a delay in processing the return or refund.

If the ERO makes changes to the electronic return after Form 8453 has been signed by the taxpayer but before it is transmitted, the ERO must have the taxpayer complete and sign a corrected Form 8453 if either of the following applies:

- The total income on line 1 differs from the amount on the electronic return by more than \$25, or
- The total tax on line 2, the refund on line 4, or the amount owed on line 5 differs from the amount on the electronic return by more than \$7.

Part IV—Declaration of Electronic Return Originator (ERO) and Paid Preparer

The ERO's signature is required by the IRS.

A paid preparer must sign Form 8453 in the space for **Paid Preparer's Use Only**. Only handwritten signatures are acceptable. But if the paid preparer is also the ERO, do not complete the paid preparer's section. Instead, check the box labeled "Check if also paid preparer."

Refunds.—After the IRS has accepted the return, the refund should be issued within 21 days. However, some refunds may be temporarily delayed as a result of compliance reviews to ensure that the returns are accurate.

Automated Refund Information.—Refund information is available on Tele-Tax. See the instruction booklet for Form 1040, 1040A, or 1040EZ for a list of Tele-Tax information telephone numbers.

FORM 8453 CHECKLIST

	<u>Done</u>	<u>N/A</u>
1. Check taxpayer name and social security number. (The taxpayer listed as the primary SSN on the return and on the Form 8453 must be identical.)	_____	
2. Enter correct declaration control number (DCN).	_____	
3. If taxpayer elects direct deposit method:		
Get proof of account.	_____	_____
Verify routing transit number.	_____	_____
Verify deposit account number.	_____	_____
Consider individual or joint account and compare with filing status.	_____	_____
4. Signatures required:		
Have taxpayer sign Form 8453 before return is transmitted.	_____	
Have electronic return originator (ERO) sign Form 8453.	_____	
Check paid preparer box or, if applicable, have paid preparer sign Form 8453.	_____	
5. Staple Forms W-2/W-2G/1099-R to the <u>middle</u> portion of the front of Form 8453. (IRS must use the top of Form 8453 for internal coding.)	_____	_____
6. Staple any other required attachments to the back of Form 8453.	_____	_____
7. Before mailing to the IRS, make two completed and signed copies — one for you and one for the taxpayer.	_____	
8. Before mailing to the IRS, check acknowledgment file to ensure that the return was accepted by the IRS.	_____	
9. Mail original Form 8453 to the IRS service center where the electronic portion of the return was filed the day after the next working day after receipt of ACK file from the IRS acknowledging the return as accepted.	_____	
10. <i>Do not</i> staple the Forms 8453 together if mailing large volumes of Forms 8453 to the IRS.	_____	_____

**SAMPLE
PROPOSED DENIAL LETTER**

Dear _____:

Your application to participate in the Electronic Filing Program as an electronic filer of individual income tax returns has been sent to this office for review.

Revenue Procedure Section 4 provides that a potential electronic filer must pass a suitability check for the current filing season. Revenue Procedure Section 4.12 provides that the Internal Revenue Service may reject an applicant for participation in the Electronic Filing Program for several reasons. (The conduct described in section 4.12 is not all-inclusive). Such conduct includes [state the appropriate example, e.g., "failure to timely pay personal or business tax liabilities," or "failure to file timely and accurate tax returns, both business and personal"].

Research of our records indicates you [provide specific example of misconduct, e.g., "failed to pay your Form 941 taxes for the period ending September 30, 1995," or "failed to file your Form 1040 for tax year 1995"]. In our judgment, such conduct constitutes a reason for denying your application for participation in the Electronic Filing Program. Consequently, we believe you have failed to pass the suitability check for the current filing season, and are proposing that your application be denied.

Before making a final determination in connection with your application, we will afford you an opportunity to be heard. If you have additional information negating the facts outlined above, you may submit it in writing to this office within 30 days from the date of this letter. Failure to respond within the 30-day period will irrevocably terminate your right to an administrative review. This letter will become the official denial of your application to participate in the Electronic Filing Program.

If you have any questions, please contact _____ in our office at [address/phone number].

Sincerely,

District Director

cc: Electronic Filing Coordinator,
Service Center
Regional Coordinator
National Office T:S:E:C [only if no appeal]

**SAMPLE
FINAL DENIAL LETTER**

Dear _____:

We have considered the additional information provided in your letter dated _____, and have determined that the facts and circumstances stated in our letter dated _____ continue to support our decision to deny your application to participate in the Electronic Filing Program.

If you wish this decision to be reviewed by the Office of the Director of Practice, you may send a written request containing detailed information and supporting documentation (including a copy of application Form 8633), in care of this office, within 30 days of the date of this letter. Failure to respond within the 30-day period will irrevocably terminate your right to an administrative review.

If you have any questions, please contact _____ in our office at [address/phone number].

Sincerely,

District Director

cc: Electronic Filing Coordinator
Service Center
Regional Office
National Office T:S:E:C

**SAMPLE ELECTRONIC FILER SUSPENSION
WARNING LETTER**

Dear _____:

This letter summarizes our telephone conversation of (date).

This serves as a cautionary notice about your electronic filing business practices. Unless you follow the procedures in Publication 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*, (Tax Year 19XX), the Internal Revenue Service (IRS) will suspend your electronic filing privilege.

We have received complaints from your clients who stated that you told them their returns were being received by the IRS while, in fact, the returns were not received by the IRS until months later. During our discussions with your clients, we discovered

By signing the Form 8633, Application to Participate in the Electronic Filing Program, you agreed to meet all the requirements in Publication 1345. Chapter 11 of Publication 1345 specifically outlines the responsibilities for electronic filers.

If you have any questions regarding the Electronic Filing Program, please contact [District Coordinator], Electronic Filing Coordinator, at [coordinator's phone number].

Sincerely,

[Signature]
District Director

IRS ELECTRONIC FILER VISITATION CHECKLIST

1. Company: Name of business
2. Date: Actual date of visit to preparer
3. Address: Self-explanatory
4. Software Used: Self-explanatory
5. Person Contacted: Person available at preparer's office the day of the visit. May be different from the owner of the business.
6. Title: Self-explanatory
7. Phone Number: Self-explanatory
8. Type of Filer: (1) Electronic Return Originator, (2) Transmitter, or (3) Software developer.
9. Electronic Filing Identification Number: Number indicating who the Electronic Return Originator is.
10. Year to Date Transmissions:
Year to Date accepted:
Year to Date rejected:
Year to Date Duplicate:
Reject Percentage:
11. Advertising (Type): Is advertising appropriate? What type of advertising does the preparer have (signs, billboards, media, etc.)?
12. Form 8453: Can you read the information? Were the forms submitted in a timely manner to the service center? (Form 8453 is due the next business day after receiving acknowledgment that the related return has been accepted.)
13. How are the returns filed in the office (i.e., are they filed alphabetically, by social security number, are they filed at all)? Are they easy to retrieve?
14. When is the form actually signed by the taxpayer? The form should never be signed blank (i.e., before it is completed). It should only be signed after the return has been prepared.

15. Acknowledgment files (ACK files): If the preparer is a direct transmitter to the IRS, the preparer will receive the ACK file within two working days from the original transmission. If the preparer is an ERO who uses a transmission service or some other third party, they will obtain confirmation within five days after the transmitter receives it.
16. Does the taxpayer receive a copy? The filer does not have to provide a copy of the acknowledgment file to the taxpayer. However, the ERO can give confirmation of filing by providing Form 9325 or 9325A.
17. Refund Anticipation Loans (RALs): Does the preparer offer RALs? What type of advertising is associated with RALs? (RALs cannot be marketed as refunds.) Did the preparer experience any problems? Did the preparer check "yes" on the transmission that the return was a RAL? If not, why? (Not marking the RAL indicator can be grounds for suspending an electronic filer from the ELF program.) Does the preparer have two forms of identification in the taxpayers' files? There should be only one uniform fee affiliated with RALs.
18. Direct Deposit: Direct deposit is an option for every taxpayer. It is not mandatory. This option is free; therefore, there should be no fee associated with this service. The preparer's main responsibility is to obtain a check to verify the establishment of a bank account.
19. Fee Schedule: How much is the preparer charging for return preparation, electronic filing, etc.?
20. Third party: If a third-party vendor is being used, has the preparer experienced any delays or problems with the software or technical support?
21. If a third-party transmitter is used, does the filer have difficulties in transmitting or receiving acknowledgments?
23. If the filer is a Service Bureau for other preparers, does the filer forward the ACK in a timely manner?

DISTRICT OFFICE ELECTRONIC FILING COORDINATORS

District Office	Coordinator	Telephone
Alabama 500 22nd Street, South Stop 318 Birmingham, AL 35233	Mary Green	205-731-1186
Alaska 949 East 36th Anchorage, AK 99508	Marie Lozano	907-271-6458
Arizona 210 East Earll Drive Stop 6400 PX Phoenix, AZ 85012-2623	Terri Wedepohl	602-207-8337
Arkansas 700 West Capitol Street Little Rock, AR 72201	Paul Cheek	501-324-5702
California Laguna Niguel P.O. Box 30210 Laguna Niguel, CA 92607-0210	Gindy Barnard	714-643-4069
Los Angeles 300 North Los Angeles Street Room 5202 Los Angeles, CA 90012	Chris Orozco	213-894-4574
Sacramento P.O. Box 2900 Stop SA 5615 Sacramento, CA 95812-2900	Joy Hill	916-974-5090
San Francisco 1301 Clay Street Suite 1500S Oakland, CA 94612-5210	Shirley Elzie	510-637-2482

(as of May 1995)

District Office	Coordinator	Telephone
California, continued San Jose 55 South Market Street HQ6600 San Jose, CA 95113	Lou Jutz	408-494-8119
Colorado 600 17th Street Stop 6610 Denver, CO 80202-2490	Terry Donohue	303-446-1662
Connecticut 135 High Street Stop 115 Hartford, CT 06103	Michael Kinsley	203-240-4151
Delaware 409 Silverside Road Room 152 Wilmington, DE 19809	Donna J. Robertson	302-791-4504
District of Columbia See information for Maryland District Office Coordinator.		
Florida Ft. Lauderdale 1 North University Drive Room A270, Stop 6030 Ft. Lauderdale, FL 33324	Charris Harrell	305-424-2439
Jacksonville 400 West Bay Street Stop 6430 Jacksonville, FL 32202	Jan Wishart	904-232-1730
Georgia 401 West Peachtree Street Room 1531, Stop 205D Atlanta, GA 30365	Janey Hauk	404-331-7517

(as of May 1995)

District Office	Coordinator	Telephone
Hawaii 300 Ala Moana Boulevard Honolulu, HI 95850-4992	Gail Bonilla	808-541-1219
Idaho 550 West Fort Street Boise, ID 83724-0041	Laurel Morgan	208-334-1324
Illinois Chicago P.O. Box 1132, DPN 7-3 230 South Dearborn Street Chicago, IL 60604	Ruth Cameron	312-886-1571
Springfield 320 West Washington Street Springfield, IL 62701	Eva Holman	217-527-6366
Indiana P.O. Box 44211-Stop 60B 575 North Pennsylvania Street Indianapolis, IN 46244	Eloise Erickson	317-226-6015
Iowa 210 Walnut Street Stop 30-2 Des Moines, IA 50309	Patricia DeTimmerman	515-284-4274
Kansas 271 West 3rd Street Stop 6610WIC Wichita, KS 67202	Sharon Wurl	316-352-7611
Kentucky P.O. Box 1216 Stop 531 Louisville, KY 40201	Betty Breeden	502-582-6259

(as of May 1995)

District Office	Coordinator	Telephone
Louisiana 600 South Maestri Place New Orleans, LA 70130	Sargiena Thomas	504-558-3008
Maine 68 Sewall Street Room G2 Augusta, ME 04330	Cathy Walker	207-622-8518
Maryland 31 Hopkins Plaza Room 615-A Baltimore, MD 21201	Aaron Welch	410-962-1801
Massachusetts P.O. Box 9088 ATTN: EFC, JFK Fed Bld Boston, MA 02203	Jennifer Toth	617-424-5311
Michigan P.O. Box 330500, Stop 52 Room 1196 477 Michigan Avenue Detroit, MI 48232-6500	Steve Martin	313-226-2262
Minnesota Stop 6500 316 North Robert Street St. Paul, MN 55101	Michelle Benson	612-290-3379
Mississippi 100 West Capitol Street Stop 33 Jackson, MS 39269	Janice Green	601-965-4133
Missouri 1222 Spruce, Stop 612 St. Louis, MO 63103	Yvonne Matthews	314-539-3660

(as of May 1995)

District Office	Coordinator	Telephone
Montana 301 South Park Federal Building, 2nd Floor Helena, MT 59626-0016	Barbara Shaffer	406-449-5375
Nebraska 106 South 15th Street Stop 27 Omaha, NE 68102	Bruce Morrison	402-221-3501
Nevada 4750 West Oakey Boulevard Las Vegas, NV 89102	Joel Klein	702-455-1030
New Hampshire 80 Daniel Street Portsmouth, NH 03801	Mary Dyleski	603-433-0519
New Jersey Attn: TPS:TPE:ELF P.O. Box 6975 Edison, NJ 08818	David Hoffman	908-417-4081
New Mexico 5338 Montgomery Blvd., NE Stop 6610 ALB Albuquerque, NM 87109-1311	Donna Stayton	505-837-5515
New York Albany Leo O'Brien Federal Building Clinton Avenue & North Pearl Street Albany, NY 12207	Shelley Willette	518-431-4494
Brooklyn 10 Metrotech Center 625 Fulton Street Brooklyn, NY 11201	Barbara Goins	718-488-2914

(as of May 1995)

District Office	Coordinator	Telephone
New York, continued Buffalo P.O. Box 606 Buffalo, NY 14225	Laurie Ruffino	716-846-5037
Manhattan 120 Church Street P.O. Box 3036 New York, NY 10007	Betty Duffy	212-264-3310
North Carolina 320 Federal Place Room 116 Greensboro, NC 27401	Veda Howell	919-378-2185
North Dakota P.O. Box 2461 653 Second Avenue, North Fargo, ND 58108	Jan Engebretson	701-239-5213
Ohio Cincinnati 550 Main Street Room 1417-B Cincinnati, OH 45202	Wilma Beigel	513-684-2400
Cleveland P.O. Box 99184 1240 East Ninth Street Room 639 Cleveland, OH 44199-0184	Suzanne Schlifer	216-522-7751
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(as of May 1995)

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(as of May 1995)

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IRS PUBLICATION 1345

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COMMENTS

Comments and suggestions for improving this document are invited. Please send your comments to:

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