



E-File Changes for Processing Year 2011 June 2010

**E-Submissions Branch
Submission Processing
Wage & Investment**



E-Submissions Branch Panel

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- Carl Flores, Acting Manager, Modernized e-File Section
- Gerald Lee, Tax Analyst, Individual e-File Section

E-Submissions Branch Presentation

I. Overview of Processing Changes for:

- **Business e-File**
 - F1065, F2290, F720, and F8849 (MeF System)
 - F1041 and F94x (Legacy System)
- **Corporate e-File**
 - F1120 family and F7004 (MeF System)
- **Individual e-File**
 - F1040 family and ETD's (Legacy System)

E-Submissions Branch (continued)

II. Name Control/Employer Identification Number (EIN) Mismatches

- Business Returns on Legacy/MeF Systems

III. Processing Changes Implemented After Start-Up in January 2010

IV. The Error Reject Code Review Process

- F1040's on the Legacy System

I. Overview of Processing Changes

Form 1065

U.S. Return of Partnership Income

We expect to have a draft of Form 1065X by September, 2010, to be implemented for Tax Year 2011, Processing Year 2012.

Research and Development Cost

A new line has been added to the Schedule M-3; line 29 on Part III. The addition of this line will improve reporting transparency and compliance efforts.

Form 720

Quarterly Federal Excise Tax Return

Indoor Tanning Tax:

The Patient Protection and Affordable Care Act of 2010, imposes a 10% excise tax be paid on indoor tanning services.

This tax will be reported on Form 720, to apply to services performed on or after July 1, 2010.

Form 1041

U.S. Income Tax Return for Estates and Trusts

The following forms have modifications resulting in changes to the record layouts for the Form 1041 e-File Program. Additional changes are likely.

Forms

1041

2210

2210F

3800

4684

6478

8582

Form 1041 Changes (continued)

Forms – (Continued)

8801

8886

Schedule H

Validation:

Changes have been made to the following reject codes: 100, 272, 318, 322

The following Error Reject Codes have been updated to reflect Tax Year **2010 or 2011** as appropriate: 012, 102, 104, 106, 108, 110, 120, 192, 194, 480, and 957.

Form 941

Employer's Quarterly Federal Tax Return

The Hiring Incentives to Restore Employment (HIRE) Act

There are two new tax benefits to employers who hire certain previously unemployed workers (“qualified employees”) in their trade or business. The two benefits are:

- Payroll Tax Exemption Credit and
- New Hire Retention Credit

These credits are claimed on Form 941, Employer's Quarterly Federal Tax Return, beginning with the second quarter of 2010.

Business e-File Important Dates

1065/1065B - IMPORTANT DATES for TY2010

- The expected Publish Date for the Schema & Business Rules is July 15, 2010.
- October 1, 2010 - Release Publication 4505
- November 1, 2010 - Begin Acceptance Testing (ATS)
- January 3, 2011 - Live Processing (Start-up)

Business e-File Important Dates

Excise Tax e-File & Compliance (ETEC) IMPORTANT DATES for TY2010

- May 20, 2010 - Release Publication 4594
- **Form 2290**
 - July 1, 2010 - June 30, 2011 – Live Processing (Start-up)
- **Forms 720 and 8849**
 - November 1, 2011 – Begin ATS
 - January 3, 2011 - Live Processing (Start-up)



Business e-File Important Dates

1041 e-File - IMPORTANT DATES for TY2010

- July 23, 2010 - Release Draft Publications 1437 and 1438
- November 12, 2010 - Release Final Publications 1437 and 1438
- December 6, 2010 - Begin Business Acceptance Testing (BATS)
- January 24, 2011 - Live Processing (Start-up)

Business e-File Important Dates

94x- IMPORTANT DATES for TY2010

- October 1, 2010 - Release Publication 3823
- November 17, 2010 - Begin Acceptance Testing (ATS)
- January 3, 2011 - Live Processing (Start-up)

Form 1120/ 1120 S

U.S. Corporation Income Tax Return

U.S. Income Tax Return for an S Corporation

Tax Year 2010 Form Changes:

The following forms have changes resulting in both Style Sheet and Schema updates. Additional changes are likely.

- Form 1120
- Form 1120-S
- Form 1120-F
- Form 1120X & Form 8302
- Schedule UTP / 1120 / 1120F



Form 1120/1120S Form Changes (continued)

- 1120 M3
- 1120-L M3
- 1120-PC M3
- 1120-S M3
- 1120 Sch. D
- 1120 Sch. O
- 1120-L
- 1120-PC

Form 1120/1120S Form Changes (continued)

- 1120-F Sch. H
- 1120-F Sch. I
- 1120-F Sch. M3
- 1120-F Sch. P
- 1120-F Sch. S

Form 1120/1120S Form Changes (continued)

- 2220
- 8834
- 8886
- 8858
- 8844
- 8926
- 926
- 1118 Sch. K

Form 1120/ 1120 S

U.S. Corporation Income Tax Return

U.S. Income Tax Return for an S Corporation

New Business Rules:

- 1120F-086
- SIF1118-01
- Amended Return with Form 8302

Form 1120/ 1120 S

U.S. Corporation Income Tax Return

U.S. Income Tax Return for an S Corporation

IMPORTANT DATES for TY2010

- The expected Publish Date for the Schema & Business Rules for the 1120/1120 S Forms is July 15, 2010.
- September 2010- Release Publication 4162
- November 1, 2010 - Acceptance Testing (ATS).
- January 3, 2011 - Live Processing (Start-up).



Form 1040

U.S. Individual Income Tax Return

1040 e-file (Legacy) Processing Changes for TY 2010

2010 Form 1040 / 1040A / 1040EZ

New Error Reject Codes (ERC) – 0013, 0096, 0120, 0246, 0247, 1074

Revised ERC – 0003, 0039, 0064, 0065, 0103, 0130, 0134, 0162, 0178, 0191, 0198, 0204, 0236, 0245, 0259, 0384, 0420, 0486, 0492, 0721, 0722, 0791, 0902, 1071, 1125, 1127, 1131, 1136

Deleted ERC – 0285, 1065

Form 1040-SS/PR

Form 499R-2/W-2PR

Form 1040 Changes (continued)

Form 2441

Revised ERC – 0090

Form 2555

New ERC – 0474, 0475, 0477, 0478

Revised ERC – 0455, 0460

Deleted ERC – 0471

Form 2555EZ

New ERC – 0474, 0475, 0477, 0478

Revised ERC – 0453, 0455, 0460

Form 3468

Form 3800

Form 1040 Changes (continued)

Form 5405

New ERC – 1192, 1193, 1194, 1195, 1196, 1197, 0546

Revised ERC – 0030

Form 5695

Revised ERC – 0492

Form 6251

Form 6765

New ERC – 0673

Revised ERC – 0748

Form 8582

Form 8615

Form 1040 Changes (continued)

Form 8814

Revised ERC – 0264

Form 8815

Revised ERC – 0283

Form 8834

Form 8835

Form 8847 – Obsolete

Form 8853

Form 8854

Form 8888

New ERC – 1141, 1142, 1143, 1144 and 1145 due to the expanded usage of the form.

Revised ERC – 1102, 1109, 1110, 1112, 1113

Form 1040 Changes (continued)

Form 8910

New ERC – 1274

Form 8912

Form 8914

Deleted ERC 1216 – Form 8914 Now Obsolete

Form 8931

New ERC – 0738

Form 8933

Form 1040 Changes (continued)

Form T

New ERC – 0985

Form W2-GU

Revised ERC – 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, and numerous others – Form W2-GU can not be e-filed (record layout removed from program).

Schedule A

Revised ERC – 0173

Deleted ERC – 0025, 0026

Form 1040 Changes (continued)

Schedule C/C-EZ

New ERC – 0092

Revised ERC – 0502, 0505

Schedule EIC

Revised ERC – 0206, 0207, 0217, 0218, 0222

Schedule F

Revised ERC – 0502, 0505

NOTE: The Employer Identification Number on the Schedule C, C-EZ and F will be validated against the National Account Profile to ensure the Employer Identification Number is valid.

Form 1040 Changes (continued)

Schedule H

Revised ERC – 0208, 0219, 0220, 0224, 0225, 0226, 0227

2010 Schedule L

Revised ERC – 1052, 1054, 1059

Deleted ERC – 1055

2010 Schedule M,

Revised ERC – 1126, 1130, 1132, 1133, 1138, 1139, 1140

Deleted ERC – 1128, 1134, 1135

Form 1040 Changes (continued)

Schedule R

Revised ERC – 0163

Authentication Record

Revised ERC – 552, 523, 670, 671, 674, 675, 676, 679, 680, 681, 682, 697, 698, 699, 1262, 1263, 1264, 1265, 1332

Form 1040

U.S. Individual Income Tax Return

Form 5405, First-Time Homebuyer Credit and Repayment of the Credit

- Beginning January 2011, Form 5405, only Page 2, will be accepted electronically.
- For homes purchased in 2008, taxpayers are required to begin repaying the credit over a 15-year period in 15 equal installments.
- Taxpayers claiming the first-time homebuyer credit will be required to file their return and Form 5405 on paper. The return can not be filed electronically.
- Taxpayers who received the credit in TY2008 are part of a First-Time Homebuyer Credit file on the National Account Profile. Taxpayers who file for TY2010 will have their return checked against the National Account Profile.

Form 1040

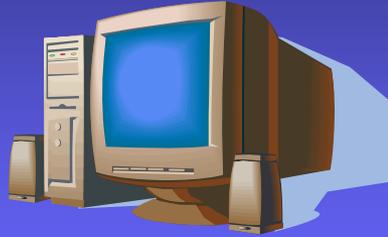
U.S. Individual Income Tax Return

IMPORTANT DATES for TY2010

- July 2, 2010 – Release Draft Record Layouts and ERC updates for Publication 1346
- October 1, 2010 – Release Final Publication 1436
- October 1, 2010 – Release Final Publication 1346
- November 9, 2010 – Begin PATS Testing
- January 14, 2011 - Live Processing (Start-up)

II. Name Control/EIN Mismatches

What is the "Name Control"



- **This is the tool that is used to authenticate returns that are filed electronically.**
- **It consists of mostly four characters that are selected from the entity information (Name Line).**
- **It is originally created when the business submits Form SS-4 (application for EIN or use the electronic application process).**

The Internal Revenue Service (IRS) frequently rejects electronically filed (e-file) business returns when the business' Name Control (NC) fails to match the associated Employer Identification Number (EIN).

Name Control/EIN Mismatches

The IRS has created a subgroup to review the current BMF (Business) customer's needs regarding the EIN and the Name Control mismatches that occur when filing returns.

This group will work on making recommendations for changes/additions that could help resolve the problem.

III. Processing Changes Implemented After Start-Up in January 2010

Publication 517, Form 2106/2106EZ Worksheet # 3

- late implementation due to line revisions

Issues were identified after the start of the filing season

New ERC's were implemented:

- **ERC 0025 & 0026** - ensure Schedule A was properly completed
- **ERC 0492** - reduce correspondence for missing Forms 5695
- **ERC 1138, 1139 & 1140** - reduce erroneous claims for the Making Work Pay Credit
- **ERC 1272, 1273, 1274 & 1275** - reduce erroneous claims for vehicle credits

IV. The Error Reject Code Review Process

F1040's on the Legacy System

Form 1040

U.S. Individual Income Tax Return

1040 e-file – ERROR REJECT CODE REVIEW PROCESS

Concern:

- Software Industry requested to review reject codes early
- Establish a process to engage Software Industry in the review process of new and/or modified reject codes
- Ensure validation criteria is correct to avoid false rejects

Form 1040

U.S. Individual Income Tax Return

Current Process

- January 1 – June 30, 2010 – Prepare requirements and update Publication 1346.
- July 1 – August 31, 2010 – Release draft record layouts to software developers to review and provide comments.
- September 2010 – Update Publication 1346 with feedback from industry and any new record layout changes.
- October 1, 2010 – Release Final Publication 1346 on irs.gov.

Form 1040

U.S. Individual Income Tax Return

Proposed Process

- January 1 – June 30, 2010 - Prepare requirements and update Publication 1346.
- July 1 – August 31, 2010– Release draft record layouts and ERC updates to software developers to review and provide comments. (New Process)
- September 2010 – Update Publication 1346 with feedback from industry and any new record layout changes.
- October 1, 2010 – Release Final Publication 1346 on irs.gov.