

ON-LINE DIRECTORY

The Interactive Organizational Directory is a tool that gives taxpayers and practitioners the ability to obtain telephone contact information about the IRS executive who is best positioned to give them assistance. For example, to contact the SB/SE territory manager in Milwaukee, practitioners and taxpayers can now just look them up through the IRS' Web page. Information on both headquarters and field contacts is now immediately available through the directory, located on the Tax Professionals Corner in the IRS' Digital Daily at www.irs.gov/prod/bus_info/tax_pro/iod.

In the near future, this directory will become a much more prominent feature in the IRS' overall Internet strategy. It will be linked to IRS' main employee, stakeholder and organization databases where it will give taxpayers access to real time information on IRS employees and contacts. The new system will be completely automated and will therefore adjust to changes in telephone numbers and organization structure as it evolves.

IRS electronic information services

As digital communication becomes more and more a part of our lives, the IRS continues to come up with new and improved ways to use new technology to make life easier for taxpayers and tax preparers.

The Tax Professional's Corner (www.irs.gov/bus_info/tax_pro/index.html) is designed to help practitioners find what they need on the IRS Web site. The site has fill-in-the-blank forms as well as forms to download and print. There is also a W-4 calculator to help taxpayers determine the number of exemptions to take.

IRS Local News Net

The latest communications tool from the IRS is the *Local News Net* — an offshoot of the very successful *Digital Dispatch*, which delivers IRS news of national importance directly to e-mail subscribers. The Local News Net is an electronic news system designed to provide its subscribers with up-to-the-minute *local* news. Each IRS office, Submission Processing, Customer Service and Accounts Management center has personalized it's own Local News Net and has its own subscription list. The centers issue periodic alerts to their subscribers about filing processes, changes in tax law and updates to phone numbers, addresses, etc.

All you need is Internet access and an e-mail address to subscribe. Click on www.irs.gov/bus_info/tax_pro/where_list/index.html and click on the state you want information from.

To subscribe to the *Digital Dispatch* for national news, visit the IRS Web site at www.irs.gov/help/newmail/maillist.html.

We strongly urge you to subscribe to both of these services.

Tax forms on CD-ROM

Publication 1796, *Federal Tax Products CD-ROM*, contains fill-in-the-blank

tax forms, portions of the Internal Revenue Manual, market segment guides and tools for the tax professional.

Pub. 1796 can be purchased from the National Technical Information Service (NTIS) for \$21 through the IRS Web site at www.irs.gov/cdorders or by calling 1.877.233.6767 for \$21 (plus \$5 handling fee).

Order your Package X on-line

Tax professionals can electronically update their order for Package X, *Reference Copies of Federal Tax Forms and Instructions*, at the Tax Professionals Corner at www.irs.gov/bus_info/tax_pro/index.html.

Only *current* participants can use this method by using their account number shown on the mailing label of Pub. 1045. If you have an address change or are a new participant in the program, you must submit a paper Form 3975, *Tax Professionals Annual Mailing List Application and Order Blank*, to the nearest IRS Area Distribution Center as listed on the form. Form 3975 can be found in Publication 1045.

Electronic payment options for individuals

Electronic payment options — direct debit (electronic withdrawal from checking or savings account) or credit card — are convenient, safe and secure methods for paying individual income taxes and give taxpayers an alternative to paying taxes by check or money order.

Taxpayers may file Form 1040 series balance due returns or Forms 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, electronically and simultaneously pay by direct debit or credit card via tax preparation software or a tax

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professional. A taxpayer also may *e-file* a tax return and pay by credit card via phone or the Internet through a service provider.

Taxpayers may *e-file* their Form 1040 and Form 1040-ES, *Estimated Tax for Individuals*, and simultaneously pay by direct debit via tax preparation software or a tax professional. They may also make a Form 1040-ES payment by credit card via phone or the Internet through a service provider.

Making a payment electronically eliminates the need to send in the paper Form 1040-V, Form 4868 or Form 1040-ES. Payments must be at least \$1. Payments for prior tax years are not accepted at this time.

When can electronic payments be made?

- Form 1040 series — including Forms 1040A, 1040EZ, 1040 and TeleFile users — payment options begin Jan. 12, 2001 and end Oct. 15, 2001.
- Form 4868 payment options, except TeleFile, begin Jan. 12, 2001 and end April 16, 2001.
- The TeleFile direct debit payment option begins April 1, 2001 and ends April 16, 2001. Form 4868 payments made through TeleFile will be effective on April 16, 2001.
- Form 1040-ES direct debit payment option begins January 12, 2001. Taxpayers can choose one of the following payment effective dates: April 16, June 15 or Sept. 17, 2001. The credit card payment option begins March 1, 2001 and ends Jan. 23, 2002.
- Payments can be made 24 hours a day, seven days a week.

If a taxpayer chooses to pay using direct debit

- The taxpayer authorizes the U.S. Department of the Treasury (through a Treasury Financial Agent) to transfer money from their bank account to the Treasury account.
- Funds are automatically withdrawn on the payment date selected. However, if a weekend or bank holiday is designated, the payment will not be withdrawn until the next business day.
- Direct debit payments will be withdrawn in a single transaction, not installments.

Cancellations, errors and questions

- Taxpayers can call the Treasury Financial Agent at **1.888.353.4537** toll free to cancel a payment or to report problems such as bank closures, lost or stolen bank account numbers, closed bank accounts or unauthorized transactions.
- Once the IRS *e-file* return is accepted, the scheduled payment date cannot be changed. If the date needs to be changed, the only option is to cancel the payment transaction and choose another payment method (credit card, check or money order).
- Scheduled payments can be cancelled up to 8:00 p.m. Eastern Time two business days before the scheduled payment date.
- The cancellation must be authorized by the taxpayer or by a person with access to the taxpayer's Social Security Number, payment amount and bank account number.
- Taxpayers can also call the above number to inquire about payments through Oct. 17, 2001. Taxpayers should wait at least five days after the *e-file* return is accepted before

making inquiries.

- Taxpayers will be notified if a payment is returned by the financial institution due to insufficient funds, incorrect account information, closed accounts, etc. If this occurs, the IRS will send a notification letter to the address on the tax return explaining why the payment could not be processed. The letter will include instructions for sending a check to a unique address that has been established for this initiative.
- In the event the financial institution is unable to process the transaction, the taxpayer will be responsible for the tax payment and for any penalties and interest.
- Contact the IRS immediately at **1.800.829.1040** if there is an error in the amount withdrawn.
- In the event Treasury causes an incorrect amount of funds to be withdrawn from the bank account, Treasury is responsible for returning any improperly transferred funds.

How to make a credit card payment

- The *e-file* and credit card option is available through a number of tax preparation software packages and through tax professionals. For more information about *e-filing* and paying all at once (including convenience fees and accepted credit cards), taxpayers can refer to tax preparation software or a tax professional.
- Pay-by-phone and Internet options are available through credit card payment service providers.
- When paying by phone, a recorded script will guide taxpayers through the call.
- When paying by Internet, taxpayers will be prompted to fill in the necessary entry fields.
- For more information about

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paying by phone or Internet and/or to make a payment, taxpayers can contact the following service providers:

- Official Payments Corporation
1.800.2PAY.TAX®
(1.800.272.9829)
1.877.754.4413 (Customer Service)
www.officialpayments.com
- PhoneCharge, Inc.
1.888.ALL.TAXX
(1.888.255.8299)
1.877.851.9964 (Customer Service)
www.About1888ALLTAXX.com
- Taxpayers can pay by phone or the Internet using a Discover® Card, American Express® Card or MasterCard®.
- To make a payment of \$100,000 or greater through the Official Payments Corporation, taxpayers can call the company's Special Services Unit at **1.877.754.4420**.

Credit card convenience fees

- There is a convenience fee charged by the service providers.
- Fees are based on the amount of the tax payment and may vary by service provider.
- The IRS does not receive or charge any fees for payments.
- Taxpayers will be informed of the convenience fee amount before the payment is authorized. This fee is in addition to any charges, such as interest, that may be assessed by the credit card issuer.

If a taxpayer chooses to pay using a credit card

- Payments must be made electronically through tax preparation software, a tax professional or a credit card payment service provider (via phone or the

Internet). Credit cards should not be sent to the IRS with the return nor should credit card account numbers be written on the return.

- The processors will forward the appropriate tax payment information to the IRS.
- The payment date will be the date the charge is authorized.
- Partial payments can be made by phone or Internet. A maximum of two payments per tax type (or per quarter if making estimated payments) can be made by phone or Internet.
- Some tax preparation software may not allow taxpayers to make partial payments.
- Taxpayers who *e-file* and pay should re-file rejected returns promptly in order to ensure timely payment. Otherwise, the payment may have to be reauthorized.

Cancellations, errors and questions

- Generally, credit card payments cannot be cancelled.
- Taxpayers can call the credit card issuer or credit card payment service provider's customer service number to report problems

e-file ensures high quality

IRS *e-file* is a way for tax professionals to electronically file a client's tax return directly to IRS computers. It's the perfect

way to increase business and provide additional customer service to an existing client base. This year, the IRS will once again provide all tax professionals who become Authorized IRS *e-file* Providers with an IRS *e-file* Marketing Tool Kit containing materials

such as unauthorized charges or concerns about payment errors.

- Taxpayers can contact the IRS at **1.800.829.1040** to report problems with the amount of tax owed or any other matter concerning the tax return.
- Taxpayers may also write to the IRS office where the return would be mailed regarding income tax payment concerns. The taxpayer's Social Security Number, payment tax year and payment method should be included.
- In the event the service provider fails to forward the tax payment to the Treasury, the taxpayer will be responsible for the tax payment and for any penalties and interest.
- Voluntary or estimated payments, such as Form 4868 and Form 1040ES payments, which result in an overpayment will be resolved through normal administrative procedures.
- In most instances, Treasury will refund an overpayment to taxpayers once the return is received and processed. An overpayment may be used to settle or offset an existing debt on the taxpayer's account.

that will be helpful in promoting IRS *e-file* services.

All tax professionals who become providers automatically become a

part of the Authorized IRS *e-file* Provider

Database, an on-line application that allows taxpayers and tax professionals to search for providers via zip code. If you want to go a step further and electronically file federal and

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Electronic Federal Tax Payment System

EFTPS is the easiest way for businesses to make their federal tax payments. EFTPS was created by the Department of the Treasury in 1995 to modernize tax payments — moving federal tax payments from a paper-based to an electronic system.

More than 2 million business taxpayers are enrolled in EFTPS. They know the real value of paying their taxes electronically. If you haven't experienced the many benefits of EFTPS, now's the time. You will find that EFTPS is:

- **Easy to use from anywhere** — with a phone or PC and modem or through a program offered by your financial institution.
- **Convenient** — schedule payments 24 hours a day, seven days a week.
- **Accurate** — you verify all the information you input to ensure accuracy.
- **Fast and economical** — it takes less than four minutes, and you'll have no more last-minute trips to the bank or to the store for stamps or envelopes.

Anyone *may* participate in EFTPS, but they must enroll in the program. For enrollment forms or more information, call **1.800.945.8400** or **1.800.555.4477** or check the Web site: www.irs.gov/elec_svcs/eftps.html. Enrollment forms are *not* available at IRS offices or banks.

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state returns simultaneously, Federal/State *e-file* may be the perfect addition to your portfolio of business services.

Ready to apply? See Publication 3112, *IRS e-file Application Package* (on-line at www.irs.gov/elec_svcs/efile-app.html) or call or e-mail your local IRS *e-file* contact for assistance.

IRS *e-file* — the fastest, most accurate way to file your taxes!

What's new for 2001

The new Revenue Procedure, 2000-31, informs Authorized IRS *e-file* providers of their obligations when participating in IRS *e-file* of individual income tax returns. It includes substantive changes to the rules for participation and the definitions of participants. Many of the rules previously prescribed in Revenue Procedures 98-50 and 98-51 have been moved to Publications 1345 and 3112, which also have been revised. Participants should become familiar with the rules for participation by reading the new Revenue Procedure and the related IRS *e-file* technical publications.

For the 2001 filing season, there is a new feature, Self-Select PIN for *e-file*, which is a direct product of both the Practitioner PIN Pilot and the *e-file* Customer Number (ECN) pilot. The Self-Select PIN for *e-file* will be available for most taxpayers who file electronically using tax preparation software either by filing through an on-line filing company or by filing through a tax professional.

Direct Debit

The direct debit payment option has been expanded. Your client can *e-file* a return and authorize a direct debit payment for the balance due on their return. Whether there is a balance due or not, an estimated payment (Form 1040-ES) can be initiated when the return is *e-filed*. Your clients can also make a payment by direct debit when Form 4868 is filed electronically or through TeleFile.

Also, there are now two pay-by-phone credit card payment service providers. Your client can also pay by Internet using a credit card through these service providers.

If your client is unable to pay the total tax owed by April 16, 2001, you can electronically file Form 9465, *Installment Agreement Request*. An approved installment agreement allows your client to make a predetermined series of partial payments after April 16, 2001. However, any unpaid tax owed after April 16, 2001, is subject to penalties and interest.

What is the Self-Select PIN for e-file?

The Self-Select PIN for *e-file* is new for filing season 2001. It allows taxpayers to electronically sign their *e-filed* return by selecting a five-digit Personal Identification Number (PIN). It eliminates the requirement for Form 8453 in most cases, making *e-filing* returns *truly paperless* for most taxpayers.

Who can use the Self-Select PIN for e-file?

Self-Select PIN for *e-file* is available for most taxpayers. The following taxpayers are eligible to use the Self-Select PIN for *e-file*:

- Taxpayers who filed Form 1040, 1040A or 1040EZ for tax year 1999.
- Taxpayers who did not file for tax year 1999, but have filed previously.
- Taxpayers who are 16 or older on or before Dec. 31, 2000, who have never filed a tax return.
- Military personnel residing overseas with APO/FPO addresses.
- Taxpayers residing in the American possessions of the Virgin Islands, Puerto Rico, American Samoa, Guam and Northern Marianas or with foreign country addresses.
- Taxpayers filing a Form 2688 (additional extension of time to file) or Form 2350 (certain U.S. citizens living abroad).

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APPLYING TO PARTICIPATE IN E-FILE

- Submit Form 8633, *Application to Participate in the Electronic Filing Program*.
- Apply early. It takes up to 60 days to process applications, which are accepted only from Aug. 1 through Dec. 1.
- Forms 8633 are processed at the Andover Submission Processing Center. For more information about *e-file* or the name and phone number of the *e-file* coordinator in your area, call 1.800.691.1894.

For the latest information on *e-file*, check out The Digital Daily at www.irs.gov/elec_svs/elf-txpro.html.

FORMS 8453/8453OL

It is no longer necessary to submit Forms W-2 and 1099R with Forms 8453/8453OL, but Forms 8453/8453OL must be submitted unless the taxpayer qualifies to use the Self-Select PIN.

NOTE:

If you are an *e-filer*, your software should include an electronic version of Form 8867 or facsimile. You may keep information that is required to be kept for three years in electronic files.

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Returns for the following taxpayers are **not eligible** for using the Self-Select PIN for *e-file*:

- Decedents.
- Legal or illegal aliens with Social Security Numbers not valid for employment.

Your clients must furnish the following information to secure their PIN:

- The Adjusted Gross Income and Total Tax from their 1999 return (prior to any adjustments).
- If your client did not file a return for tax year 1999, enter zero "0" as the amount for Adjusted Gross Income and Total Tax.

If your client is unable to return to your office to input their Self-Select PIN

Your client may authorize you to input their Self-Selected PIN by completing an IRS *e-file* Signature Authorization. Provide the Signature Authorization to the taxpayer along with a copy of the completed tax return, either personally or by mail. Instruct your client to review the tax return for accuracy and complete the Signature Authorization by providing the requested information (a self-selected five-digit PIN, pen and ink signature and date). If your client is unable to return the signed document to your office, they may return it by mail or fax. It is not necessary for both taxpayers *e-filing* a joint return to select this option.

Important announcement about the Debt Indicator

The IRS has negotiated agreements to provide a Debt Indicator (DI) in the 2001 filing season to Authorized IRS *e-file* Providers in response to proposals submitted under the Request for Agreements (RFA) process. The DI is important to Authorized IRS *e-file* Providers and financial institutions that offer bank

products to taxpayers entitled to individual income tax refunds. The agreements cover not only the firm that signed the agreement but also related providers and financial institutions that do electronic filing business with the firm. For example, if a transmitter signed an agreement, all Electronic Return Originators (EROs) who use that transmitter are covered by the agreement. Providers that did not present proposals to the original RFA or are not covered under one of the announced agreements may still apply to obtain the DI for the upcoming filing season under an amendment to the RFA.

In return for the DI, covered Authorized IRS *e-file* Providers and financial institutions agreed to screen returns and return information available to them in the normal course of their business for potential fraud and abuse and report their findings to the IRS.

Other Authorized IRS *e-file* Providers and financial institutions that do electronic filing business with any of the announced firms may already qualify to obtain the DI for their taxpayers even if they did not submit a proposal. The announced firm's agreement will cover them as long as they commit to the terms of the agreement. Contact the firm for more information.

A Memorandum of Agreement that results from the original RFA or the application process is covered by Section 18 of Revenue Procedure 98-50 (IRS *e-file*) or Section 15 of Revenue Procedure 98-51 (On-Line Filing).

Contact your local e-file coordinator

Find out how to contact your local e-file coordinator at www.irs.gov/elec_svs/eta-coord.html