# IRS *e-file* for Business Fact Sheets and Q&As

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# FORM 1040-Self-Employed

## WHAT

All the most commonly used forms and schedules filed by small business owners and self-employed filers can be filed electronically. For example:

**Form 1040,** *U.S. Individual Income Tax Return*
**Form 4562,** *Depreciation & Amortization*
**Schedule C or Schedule C-EZ,** *Profit or Loss from Business*
**Schedule E,** *Supplemental Income & Loss from Rental Real Estate & Royalties*
**Schedule F,** *Profit or Loss from Farming*
**Schedule SE,** *Self-Employment Tax*

## WHY

**Increased Accuracy** - Less than one percent error rate
**Secure Filing** - Your privacy and security are assured
**Faster Refund** - You can get your refund in half the time, even faster with Direct Deposit
**Acknowledgement of Return Receipt** - You get proof within 48 hours that the IRS has received your return

## WHO

Self-employed filers can file electronically with the IRS using an Approved IRS *e-file* Provider.

## HOW

**Use an Approved IRS *e-file* Provider** - You can prepare your own return and have a tax professional electronically transmit it to the IRS, or you can have a tax professional prepare and transmit your return for you. Visit the IRS at **www.irs.gov** for an Approved IRS *e-file* Provider in your area.

**Use a Personal Computer** - Visit the IRS Web site at **www.irs.gov** for a listing of software companies that participate in the IRS *e-file* program. Depending on which software program you use to file your taxes, you will need a modem and/or Internet access.

## INFO

For more information on IRS electronic filing and payment options for businesses and individuals, visit the IRS Web site at **www.irs.gov** and click on IRS *e-file.*

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# FORMS 940/941

## WHAT

The electronic employment tax filing program offers business taxpayers a variety of paperless options for filing Forms 940 and 941. Using this program, business taxpayers, reporting agents, software developers and transmitters can file Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, and Form 941, *Employer's Quarterly Federal Tax Return*, electronically. Employment taxes may be filed electronically by telephone, on-line or through an Approved Provider.

## WHO

**940** *e-file* and **941** *e-file* **Programs:** Business taxpayers using payroll service providers (reporting agents) can electronically file Forms 940/941 if their service provider offers these services.

**940 On-Line** and **941 On-Line Programs:** Business taxpayers that have a computer, modem and web-based Internet access can transmit tax return information through a third-party transmitter.

**941 TeleFile Program (941 only):** Certain business taxpayers are invited to file and pay any balance due by using a touch-tone telephone. A TeleFile package will be mailed to eligible taxpayers each quarter.

## WHY

**It's Convenient**
- Electronic Acknowledgment within 48 hours
- Tax prep work is automated with return prep software that does calculations, and highlights needed forms and schedules

**Fast**
- Information is quickly available to IRS Customer Service sites
- Processing time is reduced to one week or less

**Accurate**
- Fewer risks of transcription errors
- Error rates of less than one percent

**Safe**
- Tax information is secure
- Only authorized users have access to the system

## HOW

**Business Taxpayers:**
- To participate in 940 and 941 *e-file* or On-Line, visit **www.irs.gov** for a list of Approved Providers.
- To participate by phone, eligible taxpayers will receive instructions in the mail.

**Software Developers/Transmitters/Reporting Agents:**
- To participate in the 940/941 *e-file* or 940/941 On-Line Filing Programs, a paper Letter Of Application (LOA) or Form 9041, *Application/ Registration for Filing Business Returns*, must be submitted to the Austin Electronic Filing Help Desk. Form 9041 may be obtained at **www.irs.gov** or call 1-800-829-3676. Mail the completed form or the LOA to: Internal Revenue Service, Austin Service Center, Electronic Filing Help Desk, P.O. Box 1231, Attn: e-file Unit, Stop 6380 AUSC, Austin, TX 78767.

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# FORM 940/941 Continued

**Payroll Service Provider (Reporting Agents):**
A payroll service provider must be a reporting agent to file electronically. To become a reporting agent, complete Form 8655, *Reporting Agent Authorization*, for each client for whom a return will be filed. Further instructions can be found in Publication 1911, *Instructions for Preparing and Submitting Form 8655 Reporting Agent Authorization.* Order these items free of charge through an IRS Area Distribution Center by calling 1-800-829-3676 or visiting **www.irs.gov**.

## INFO

In response to customer feedback, the IRS is redesigning the electronic employment tax filing program with an expected release date of January 2003. The new Employment Tax *e-file* System will address user needs with a more flexible system and enhanced features, including tax preparer participation. Software developers, transmitters and payroll providers interested in developing this new program should contact the IRS at **e-fileemptax@irs.gov**. Again, taxpayers interested in electronic filing should check **www.irs.gov** for further information.

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# FORM 1065

## WHAT

The 1065 *e-file* program allows the electronic filing of Form 1065, *U.S. Return of Partnership Income*, including most common forms and schedules. The return can be submitted by the individual business filer, or through an approved third-party software developer, preparer or transmitter. Section 1224 of the Taxpayer Relief Act of 1997 required partnerships with more than 100 partners to file their return electronically for taxable years ending on or after December 31, 2000. You can voluntarily choose to *e-file* Form 1065 regardless of the number of partners.

## WHY

- Less paper handling
- Reduced costs
- Improved accuracy and product quality
- Electronic acknowledgment of return

## WHO

- Partnerships that engage in a trade or business or have gross income from sources within the U.S.
- Transmitters who receive Form 1065 information from clients and transmit the data to the IRS
- Software developers who produce software used to prepare returns, or who format the Form 1065 return, including K-1s and other related forms and schedules, or who transmit Form 1065 tax return data directly to the IRS

## HOW

Obtain Form 9041, *Application/Registration for Electronic/Magnetic Media Filing of Business Returns*, at **www.irs.gov** or call 1-800-829-3676.

Complete and mail Form 9041 to:
Internal Revenue Service
Austin Service Center
Electronic Filing Help Desk
P.O. Box 1231
Attn: e-file Unit, Stop 6380 AUSC
Austin, TX 78767
512-460-8900 (not toll-free)

## INFO

Information on IRS *e-file* for Business products including a listing of Approved IRS *e-file* for Business Providers is available on the IRS Web site at **www.irs.gov** — click on IRS *e-file*.

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# INFORMATION RETURNS

## WHAT

An information return is the tax document used to report certain types of payments made by financial institutions and others who make payments as a part of their trade or business as required by Internal Revenue Code Regulations. Information returns are filed electronically using a modem. Most modems are capable of use except the DSL (Digital Subscriber Line) and cable. Certain information returns can be filed electronically using the FIRE (Filing Information Returns Electronically) system. FIRE is dedicated exclusively to the filing of Forms 1042-S, 1098, 1099, 5498, 8027, QWF (Questionable Forms W-4) and W-2G. Note: Forms W-2 are filed with the Social Security Administration.

## WHY

**Confidence and Accuracy**
- Returns are processed quickly with few errors (less than one percent)
- Electronic security ensures the confidentiality of taxpayer data

## WHO

Any filer of information returns may participate. However, any person, including corporations, partnerships, employers, estates and trusts, who files 250 or more information returns of any Forms 1042-S, 1098, 1099, 5498, 8027, QWF and W-2G for any calendar year must file their information returns electronically or by magnetic media.

**Note:** Beginning in calendar year 2003 for Tax Year 2002, 9-track magnetic tape will no longer be an acceptable method for submitting Information Returns to IRS/MCC (Martinsburg Computing Center).

## HOW

You are required to submit Form 4419, *Application for Filing Information Returns Magnetically/Electronically*, to request authorization to file information returns with IRS/MCC. Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned. Form 4419 should be submitted to IRS/MCC at least 30 days before the due date of the returns for current year processing. Send your completed Form 4419 to Internal Revenue Service, Martinsburg Computing Center, Information Reporting Program, 230 Murall Drive, Kearneysville, WV 25430.

## INFO

For more information on the application process you may contact the IRS, Martinsburg Computing Center's call site, toll-free at 866-455-7438. The call site is available Monday through Friday, 8:30 A.M. to 4:30 P.M. EST. Telecommunications Device for the Deaf (TDD) can be reached at 304-267-3367.

Detailed information pertaining to forms, publications, IRS *e-file* for Business programs and a listing of Approved IRS *e-file* for Business Providers can be found at **www.irs.gov**.

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**EFTPS** ®

# ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

## WHAT

The Electronic Federal Tax Payment System (EFTPS) allows businesses and individuals to initiate all federal tax payments electronically, including income, employment, estimated and excise taxes.

## WHY

EFTPS offers the convenience of making federal tax payments by using EFTPS-Direct. With EFTPS-Direct you can use EFTPS-OnLine, EFTPS-PC Software or EFTPS-Phone interchangeably. You can select how you want to make your payments. You can also elect to use EFTPS-Through a Financial Institution or use the Same-Day payment method offered by some financial institutions. Tax payments can be initiated 24 hours a day, 7 days a week. As an added convenience, EFTPS offers payment scheduling. You may schedule your payment instructions for up to 120 days in advance of the tax due date for businesses or 365 days in advance of the tax due date for individuals. EFTPS will make your payments for you on the due date you indicate. EFTPS offers tax practitioners, accountants and payroll companies five ways to make payments for clients, EFTPS-OnLine, EFTPS-PC Software, EFTPS-Phone, EFTPS-Batch Provider and EFTPS-Bulk Provider.

## WHO

All individual and business taxpayers can use EFTPS, but you must first enroll. However, if your business made depository taxes of more than $200,000 in the year 2000, you must begin using EFTPS for making all your federal business tax payments electronically beginning January 1, 2002. This applies to any tax obligations incurred on or after January 1, 2002.

## HOW

To enroll in EFTPS-OnLine visit our Web site at **www.eftps.gov**. Remember, if you use EFTPS-OnLine you will also need a password. You will receive instructions on how to obtain your Internet password in your Confirmation/Update Package. You can enroll with a paper enrollment by calling EFTPS Customer Service.

## INFO

For more information or to receive an enrollment form, call EFTPS Customer Service at **1-800-555-4477** or **1-800-945-8400**.

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# IRS *e-file* for Business Q&As

## Q. What types of business tax returns can be filed electronically?

**A.** The IRS *e-file* for Business program offers several electronic filing options to meet your business filing needs.

- **Employment tax returns** (Forms 940/941) can be filed electronically or on-line.
- **941 TeleFile program** may be used by certain qualified filers.
- **Information Returns** (Forms 1042-S, 1098, 1099, 5498, 8027, QWF (Questionable Forms W-4) and W-2G can be filed electronically using the FIRE (Filing Information Returns Electronically) system. Note: W-2s are processed through the Social Security Administration.
- **Form 1065**, *U.S. Return of Partnership Income*, can be filed electronically. The IRS accepts nearly all related forms and schedules.

## Q. When will I be able to electronically file my Corporate Tax Return (Form 1120/1120S)?

**A.** The IRS is in the process of designing the Form 1120/1120S *e-file* program. The program will be implemented in the near future. Upon completion, the 1120 *e-file* program will have file and pay capability and returns will be processed on a transaction basis rather than batch mode.

## Q. What are the benefits of using IRS *e-file* for Business?

**A.** All IRS *e-file* for Business products are E-fficient with increased accuracy, E-ffective since you'll spend less time filing returns and more time focused on your business, and E-conomical with less paperwork. Plus, you receive an acknowledgment of return acceptance. File Smart…File Electronic.

## Q. How can I get involved?

**A.** If you're a business taxpayer, ask your tax professional about e-filing. If you're a tax professional, ask your software developer about enabling your programs to take advantage of electronic filing.

## Q. What companies offer IRS *e-file* for Business software products and services?

**A.** Visit **www.irs.gov** for a listing of "Approved IRS *e-file* for Business Providers." Click on IRS *e-file*.

## Q. How do I apply?

**A.** Business taxpayers interested in participating in 940/941 On-Line should go to **www.irs.gov** to select an Approved IRS *e-file* for Business Provider. Upon selection of a provider you should fill out and submit a Letter of Application. Subsequently, you will receive a PIN (Personal Identification Number) to participate in the On-Line Program. The information on how to apply to file Form 1120/1120S will be available soon.

Software Developers/Transmitters/Reporting Agents are required to submit a Form 9041 to file Forms 940, 941, 1041 and 1065 electronically.

To become a Reporting Agent, please refer to Publication 1911, *Instructions for Preparing and Submitting Form 8665.*

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# IRS *e-file* for Business Q&As (Continued)

## Q. How do I apply to Participate in the 941 On-line Filing Program?

**A.** Contact the 941 On-line Filing provider of your choice, and complete the provider's registration and application process. The provider will electronically transmit your application to the IRS, and a PIN will be mailed to the business's representative. A listing of "Approved IRS *e-file* for Business Providers" can be found at **www.irs.gov**—click on IRS *e-file.*

## Q. How do I apply to file Information Returns, Forms 1042-S, 1098, 1099, 5498, 8027, QWF and W-2G electronically?

**A.** You must submit Form 4419, *Application for Filing Information Returns Magnetically/Electronically with the IRS/MCC,* (Martinsburg Computing Center). Form 4419 should be submitted at least 30 days before the due date of the returns for current year processing. Upon application approval, you will be assigned a five-character alpha/numeric Transmitter Control Code (TCC).

## Q. Where do I send my Form 4419 and who can I call if I have questions?

**A.** Send completed Form 4419 to: IRS Martinsburg Computing Center, Information Reporting Program, 230 Murall Drive, Kearneysville, WV 25430. Phone (toll-free) 866-455-7438, Monday through Friday, 8:30 A.M. to 4:30 P.M. EST. Telecommunications Device for the Deaf (TDD) can be reached at 304-267-3367.

## Q. Can I make my business tax payments electronically?

**A.** Yes, individuals and businesses can make their federal tax payments electronically using the Electronic Federal Tax Payment System (EFTPS). You may use the Internet, the phone, or PC software. Visit **www.eftps.gov** for more information.

## Q. How do I enroll and/or receive more information on EFTPS?

**A.** To enroll in EFTPS-OnLine—visit **www.eftps.gov** or call EFTPS Customer Service at 1-800-555-4477 or 1-800-945-8400.

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