

Questions and Answers for

Tax Professionals

Q 1. What is new for the IRS e-file Program?

A 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 either by taxpayers filing through an ERO or by taxpayers using On-Line Filing. It has been published and is available on the IRS web site, www.irs.gov. 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 have also been revised. Participants should become familiar with the rules for participation by reading the new Revenue Procedure and the related publications, which are also available on the IRS web site.

Watch the IRS Web site, www.irs.gov, for additional "What's New" items.

For the 2001 Filing Season there will be a new program, **Self-Select PIN for e-file**, which is a direct outgrowth of both the Practitioner PIN Pilot and the e-file Customer Number (ECN) pilot. The Self-Select PIN for e-file Program 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.

The direct debit payment option has been expanded. Your clients 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 clients can also pay by Internet with 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. Regardless of how they pay, they are responsible for paying the tax due by April 16, 2001 or they will be subject to penalties and interest.

Q 2. What are the important dates for Tax Year 2000 IRS e-file?

A The Tax Year 2000 IRS e-file Calendar for tax period January 1–December 31, 2001 is listed at the top of the next column, and shows all critical dates.

Tax Year 2000 Important Dates

Begin transmitting live IRS e-file returns	Jan. 12, 2001
Last date for transmitting timely filed returns	April 16, 2001
Last date for transmitting timely filed Forms 4868	April 16, 2001
Last date for retransmitting rejected timely filed Forms 4868	April 21, 2001
Last date for retransmission of rejected timely filed returns	April 21, 2001
Last date IRS accepts test transmissions	April 30, 2001
Last date for submitting new application Forms 8633	May 31, 2001
Last date for timely transmitting returns on extension from Form 4868	Aug. 15, 2001
Last date for retransmitting rejected returns on extension from Form 4868	Aug. 20, 2001
Last date for transmitting late or extended returns	Oct. 15, 2001
Last date for retransmitting rejected late or extended returns	Oct. 20, 2001



Q 3. Where do I call if I need assistance?

A You should call 1-800-691-1894 or visit the IRS web site at www.irs.gov (click on “Electronic Services.”)

Q 4. Is the IRS e-file logo available on the Internet for download?

A Yes. The IRS *e-file* logo is available for download at the IRS web site, www.irs.gov/prod/elec_svs/toolkit.html.

Q 5. What software should I use to prepare individual tax returns for my clients?

A The IRS does not provide software but does issue specifications that commercial software developers use to write software packages that are available for purchase. Generally, there is tax preparation software and transmission software. Talk with vendors, resellers and software company representatives to find the best solution for your business. Shop around or ask other Authorized IRS *e-file* Providers what software they use to *e-file*. The software is developed specifically for tax preparers. The software that is limited to a specific number of *e-filed* returns, generally five returns.

Q 6. What is a Preparer Taxpayer Identification Number (PTIN)? How do I get a PTIN?

A The PTIN is an identification number assigned by the IRS for use as an alternative to using a Social Security Number on the tax returns prepared by tax preparers. The PTIN applies to all individual forms that have paid preparer information on them. Form W-7P is used to apply for the PTIN.

Q 7. What do I do if my client’s return was filed April 16th, but it rejected because of an error with the date of birth the IRS received from the Social Security Administration?

A You can file for an extension, have your client correct their records with the Social Security Administration (SSA), and resubmit the return electronically. It may take a few weeks before the SSA records are updated. If you don’t want to wait for the SSA corrections, the return can be mailed.

Q 8. Can a nonresident alien e-file Form 1040 NR-EZ?

A No. A paper return must be filed.

Q 9. Can I e-file a prior year return?

A No. The IRS *e-file* Program only accepts current year returns.

Q 10. Why should I encourage my clients to e-file when they are not getting a refund?

A Your client’s return can be *e-filed* any time during the filing season. If your client authorizes a direct debit payment, he/she can schedule the payment for withdrawal on a future date up to (and including) April 16th. Your client may also delay out-of-pocket expenses by *e-filing* and *e-paying* the balance due with a credit card. When a balance due return is filed late in the filing season, there may be more chance of errors in the rush to file before the deadline. Errors cost money, and in some cases additional penalties and interest. Errors can also cause lost time for you and your clients.

Q 11. What types of federal income taxes can be paid electronically?

A Payment can be made for:
 (1) Tax Year 2000 Individual Income Tax Returns (1040 series),
 (2) Tax Year 2000 Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, and (3) Tax Year 2001 Form 1040 ES, *Estimated Tax for Individuals*.

Electronic payment eliminates the need to send a paper Form 4868, Form 1040-ES, or Form 1040 V, *Payment Voucher*. Electronic payments for prior tax years or other types of taxes cannot be accepted at this time.

Q 12. How can I use IRS e-file to file my client's Tax Year 2000 Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, and pay the balance due electronically?

A Form 4868 may be *e-filed* through tax preparation software or through TeleFile by the original return due date (April 16, 2001). This form is an extension of time **to file a tax return**, not an extension of time **to pay a balance due**. Beginning Jan. 12, 2001, Form 4868 payments can be made by direct debit (if filed electronically) or by credit card by phone or Internet. TeleFile will accept Form 4868 beginning April 1, 2001. The phone number for TeleFile is 1-888-796-1074.

If there is a payment due and your client pays electronically, this eliminates the need to send in the paper Form 4868. Note that credit card payments can only be made for Part III of Form 4868 (individual income taxes).

Q 13. When can direct debit payments be made?

A Beginning January 12, 2001, your client can authorize a direct debit from a checking or savings account for the balance due on an individual return and/or make an estimated tax payment. The payment must be authorized at the time the return is *e-filed*. Payments, except for Form 1040 ES, can be scheduled for an effective date up to and including April 16, 2001. The 1040

return payment option is available through October 15, 2001. An estimated payment can be scheduled for an effective date of April 16, June 15, or Sept. 17, 2001.

Q 14. How can credit card payments be made after a return is e-filed?

A Two service providers (Official Payments Corporation and PhoneCharge, Inc.) offer pay-by-phone and Internet services this year.

Q 15. When can credit card payments be made?

A Payments can be made for the balance due on Tax Year 2000 tax returns from January 12, 2001 through October 15, 2001. Payments can be made for the amount due on Tax Year 2000 Form 4868 (in Part III only) from January 12, 2001 through April 16, 2001. Payments can be made for the amount due on Tax Year 2001 Form 1040-ES beginning March 1, 2001.

Q 16. Is there a fee charged for using credit cards?

A The company that processes the credit card payments charges a convenience fee. Convenience fees may vary between service providers. Taxpayers are informed of all charges and fees before credit card payments are authorized. This fee is in addition to any charges, such as interest, that may be assessed by the credit card issuer.

Q 17. What is the Self-Select PIN for e-file?

A The Self-Select PIN for *e-file* is a NEW program that begins in January 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.

Q 18. Who can participate in the Self-Select PIN for e-file Program?

A Self-Select PIN for *e-file* is available for most taxpayers.

The following taxpayers are eligible to participate:

- Taxpayers who filed Form 1040, 1040A, or 1040 EZ for Tax Year 1999.
- Taxpayers who did not file for Tax Year 1999, but have filed previously.
- Taxpayers who are sixteen or older on or before December 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).

Returns for the following taxpayers are not eligible for 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 prior year's return (prior to any adjustments).
- If your client did not file in 1999, the Adjusted Gross Income and Total Tax will be zero filled.

For more detailed information on qualifications and required taxpayer information, refer to the IRS web site and your software package.

Q 19. What should I do if my client is unable to return to my office to input his/her Self-Select PIN?

A Your client may authorize you to input his/her Self-Selected PIN by completing an IRS *e-file* Signature Authorization. Provide this document 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, he/she may return it by mail or FAX. It is not necessary for both taxpayers *e-filing* a joint return to select this option.

Q 20. How does Federal/State e-file work?

A Federal/State *e-file* allows *e-filing* of both Federal and state income tax returns at the same time. The *e-file* software places your client's Federal and state return data in separate packets. These packets are transmitted to the IRS all at once. The IRS functions as an electronic post office for the participating state, which receives and processes the state electronic return.

Q 21. What are the benefits for e-filing my clients' Federal and State tax returns together?

A Federal/State *e-file* allows you to reduce processing costs, provide a more efficient new service to your clients, increase your business opportunities and keep current on industry trends.

Q 22. Are other e-filing options available for my business clients?

A Yes, Forms 941, 1065, and information returns can be *e-filed* through the IRS *e-file for Business*.

Q 23. Where can my clients and I get more information about IRS e-file for Business?

A The IRS web site has a section devoted to *e-filing* business returns. Check out the NEW "Approved Business *e-file* Providers"

page at www.irs.gov (click on "Electronic Services", then "IRS *e-file* for Businesses").

Q 24. What are the sources of information I can choose from to find answers to additional questions?

A The IRS web site is your best source of electronic tax information provided by the IRS. It is located at www.irs.gov (click on "Electronic Services"). Information is also available in **Pub. 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns**; **Pub. 1345A, Filing Season Supplement for Authorized IRS e-file Provider**, which will be issued in December 2000, and *Revenue Procedure 2000-31*.