Processing Your Client's Tax Returns, Paper and Electronic

BETTER

SERVICE

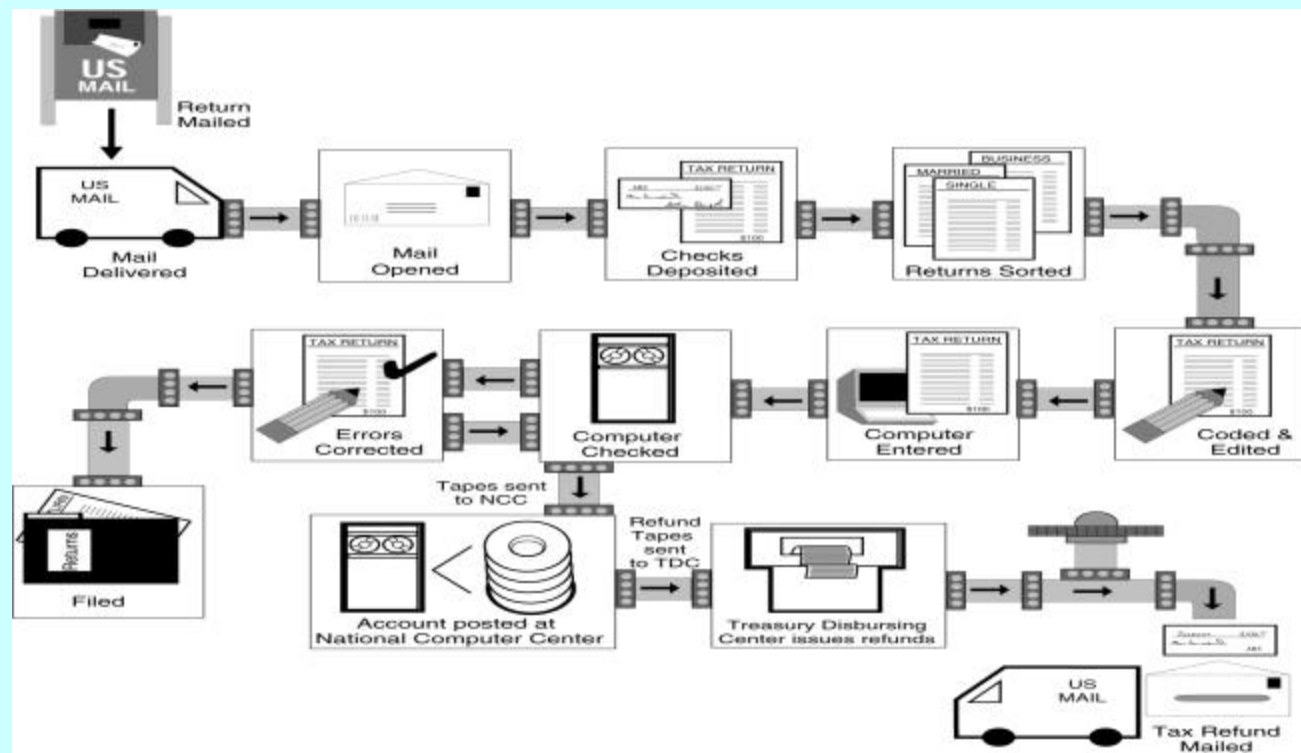# Processing Your Client's Individual Tax Returns, Paper and Electronic

ELECTRONIC FILING

- **Goal > 80% by 2007**

- **Social Security Administration (i.e. name, number, date of birth)**

- **Direct computer input to facilitate quicker processing**

- **Lower error rate**

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THE 1040 PAPER PIPELINE

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SUBMISSION PROCESSING

- Open and sort mail

- Control and prepare documents

- Computer input

- Resolve errors

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MOST COMMON ERRORS
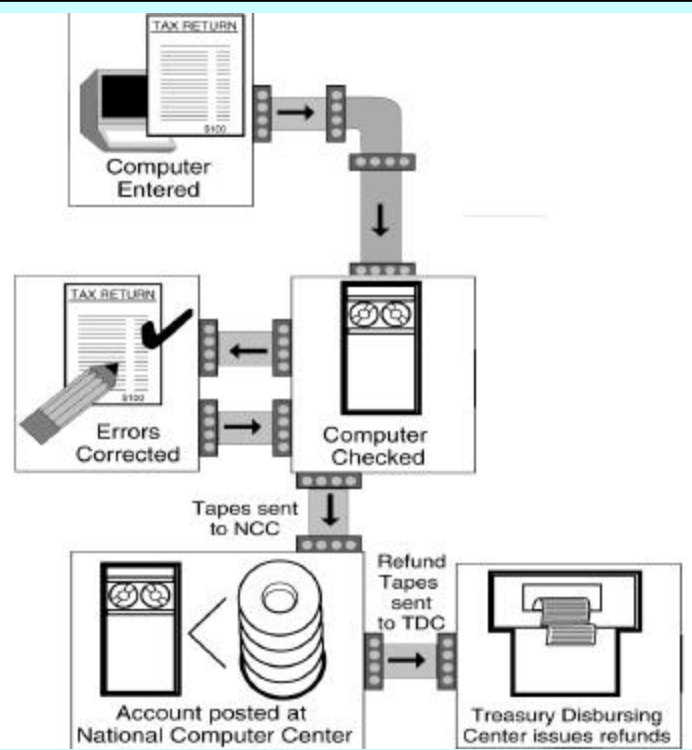
- Mismatch SSN/Name (including dependents)
- Dependent on another return
- Earned Income Credit
- Child and Additional Child Tax Credit
- Signature

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E-FILE 1040 PIPELINE

Shorter than the

Paper Pipeline

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ELECTRONIC FILING

- E-File is the preferred method
- Proof of acceptance
- Faster refunds
- Accurate

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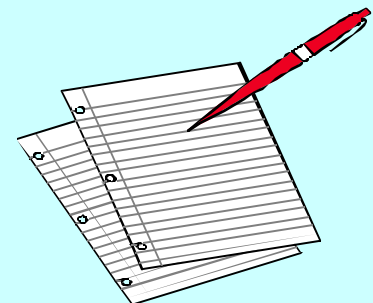
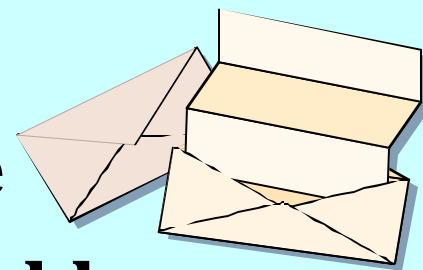| Returns Processed	Error Rates
• **80 Million Paper Returns**	**22 %** of total filed
• 56 Million V Coded Returns	
• **52.8 Million Electronic Returns**	**< 1%**
• **IRS Internal Processing**	**16.2%**
• **Tax Practitioner Prepared**	**3.3%**

Approximate Volumes

What Can You Do To Help When Preparing the Return?

- **Ensure the return is signed.**
- **Have all schedules and forms in the correct order.**
- **Verify all SSN/EIN are correct.**
- **Verify eligibility and compute correct Earned Income Tax Credit**

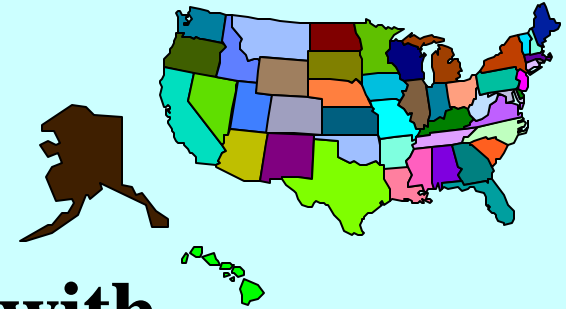# What You Can Do To Help When Mailing The Return?

- **Only one tax return per envelope**

- **If no pre-printed labels are available – research the IRS web (www.IRS.gov) site or use Package X or Publication 17**

- **File in the correct location**
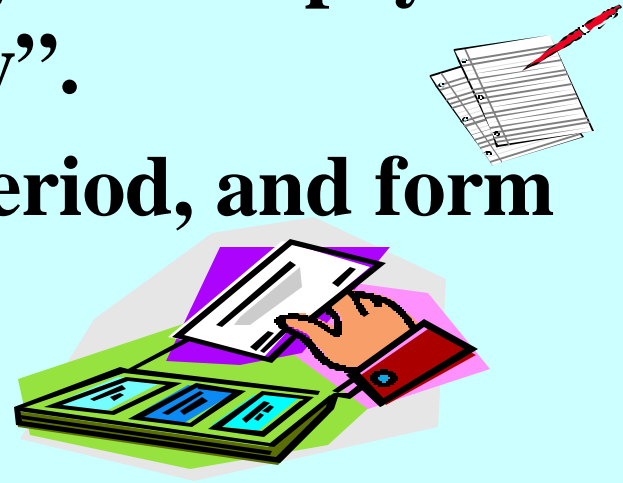
FILING AND PAYING IN THE CORRECT LOCATIONS

- **New realignment of the states**

- **New addresses**

- **Form 1040-V separate mail-out with IRS Tax Forms**

- **Encourage the use of IRS Tax Forms**

What You Can Do To Help When Mailing Payments?

- **Use the pre-printed vouchers.**

- **Use a separate check for each transaction.**

- **Make checks and money orders payable to "United States Treasury".**

- **Include SSN/EIN, tax period, and form type on check.**

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