

Ohio-IRS Tax Liaison Panel
July 28, 2005
Highlights and Changes Updates for 2005

⇒ E-File, E-Services, and E-Payments

- TeleFile Discontinued (Attachment #1)
 - Form 1040EZ & Form 4868 – August 16, 2005
 - Form 941 – August 11, 2005
 - ◆ Paper packages will be sent out for the 3rd quarter

- January of 2006
 - Form 4868 – Application for Automatic Extension of Time to File U.S. Individual Income Tax Return
 - Single 6-month period
 - Line 8 will be added for taxpayer out of the country on 4/15

 - Form 7004 – Application for Automatic Extension to file Corporation Income Tax Returns
 - Processing Year 2005
 - Added to Modernized e-file
 - Processing Year 2006
 - ◆ No longer exclusive to Corporate Tax Returns
 - ◆ The form will be used to extend 32 returns
 - ◆ Indicator code for applicable return code
 - ◆ No second extensions for business
 - ◆ No signatures is required

- Form 2688 – Application for Additional Extension of Time to File U.S. Individuals Tax Return (2 months) (Attachment #1)
 - REMINDER for Processing Year 2005 - Form 2688 is due August 15, 2005 for extension until October 17, 2005, since October 15th is on a Saturday

- Form 1120 – U.S. Corporate Tax Return (Attachment #2)
 - Process Year 2006 – Regulations require corporations with total assets of \$50 millions or more and which also file at least 250 returns a year, are required to file their Form 1120 and 1120S electronically.
 - Processing Year 2007 – Electronic filing will be expanded to include tax returns of corporation with assets of more than 10 million.

- Form 990, Exempt Organizations (Attachment #2)
 - Processing Year 2006 regulation requires that tax-exempt organizations with \$100 million or more in total assets file electronically. The electronic requirements only apply to entities that file at least 250 returns, include income tax excise tax, employment tax, and information returns in a calendar year.
 - Processing Year 2007 – expanded to \$10 million or more in total assets and Form 990-PF will be required to file electronically regardless of the total assets.

- Rev Proc 2005-39 – IRS to Accept Facsimile Signatures on Employment Tax Returns (Attachment #3)
 - The issue was submitted to the Industry Issue Resolution program through the Office of Burden Reduction by the National Payroll Consortium
- Memphis Site will no longer be a submissions processing center for the Form 1040 family and Electronic Tax Documents after June 30, 2005. (Attachment #4)
 - Those returns will be sent to the Kansas City Submission Processing Center, this includes both T-FINs and E-FINs
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- Direct Transmitter
 - All direct transmitters will be required to create a new password for the particular Electronic Transmitter Identification Number (ETIN) the first time they login to Electronic Management Systems (EMS) this year during the PATS testing.
 - The Security Letters will only be issued to newly accepted transmitters
 - Transmitter will have to change their password every 90 days
 - Will be required to call the e-Help Desk at 1-866-255-0654 for lost, forgotten, or compromised password
- EFTPS Batch Provider Software (Attachment #5)
 - Changes scheduled for Fall 2005...
 - Batch Provider Program will be available on the Web, with an XML-driven interface -- for third parties making EFTPS payments on behalf of taxpayers. This is a significant upgrade from the downloadable, desktop software currently used.
 - Interface Protocol Specifications (IPS) -- for users who want to integrate accounting and related software with EFTPS functionality. Batch providers will be able to synchronize their locally maintained database with EFTPS to insure all information is current and consistent.
- ⇒ From 2290, Heavy Highway Use Tax Return (Attachment #6)
 - Installment Payment Option Eliminated
 - Coming Soon, electronic filing required for owners of 25 or more trucks
- ⇒ Form 944, Employer's Annual Federal Tax Return
 - Who Must File Form 944?
 - If you are an employer whose tax liability is \$1,000 or less, you must file an annual Form 944 to report:
 - ◆ Wages you have paid,
 - ◆ Tips your employees have received,
 - ◆ Federal income tax you withheld,
 - ◆ Both the employer's and the employee's share of social security and Medicare taxes, and
 - ◆ Advance earned income tax credit (EIC) payments.
 - Qualifying taxpayers will receive notification to participate in this program around December 2005. The program will be implemented in January 2006 with the first return being due January 31st 2007.