

Electronic Filing

MeF

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Taxware Clients,

We hope that you are all having a great tax season. It seems like with any tax season there are always some interesting rumors that float through the industry. With the IRS's current legacy electronic filing system in its last supported year we wanted to take a minute and get you current information on the IRS's new system.

MeF or Modernized Electronic Filing is the new electronic filing system for the upcoming 2012 filing season. Taxware **will and does** support this new system. **You can file direct with the new system.** It seems like a lot of rumors are going around regarding these capabilities so we wanted to address any concerns.

Taxware has been supporting the MeF system for three years now filing the 1120, 1120s, and 1065 tax returns utilizing the new MeF program. All of which have been set up to go direct to the IRS or use a third party transmitter like PDI.

Taxware has also had a few test preparers currently filing 1040 and 540 returns through the MeF system this 2011 filing season. The system is coming along nicely. **We will be ready for the full switch to MeF for the upcoming 2012 season.**

For the most part you probably won't notice much of a difference between the legacy system and the new MeF system. You will prepare returns like you currently do, get the 8879 signature documents signed, and then go into the transmit returns menu just like you currently are. The returns will be logged into the electronic filing tracking system, acknowledgment files will be processed and printed like they are now. The main difference is the file that gets created and sent to the IRS is in a new format and the actual transmission of the file uses a different secure Internet web service. Instead of one transmission method the IRS now gives us two options to choose from.

TRAINING SEMINARS

There is nothing scary or magical to the new system. As we mentioned earlier, for you the preparation and tax return process is set up to be exactly what you are already currently used to. There is nothing new on the tax preparation end that you need to learn. The transmission process will be slightly different so we are planning on holding webinar's regarding the new MeF transmission protocols. We will also be posting videos that talk about the transmission options.

TRANSMISSION OPTIONS



A2A - Application to Application



The IRS supports two transmission systems and Taxware currently plans to support them both. The first, and probably what most of you will use for the upcoming season, is called the A2A or Application to Application system. This involves making a secure connection with the IRS using encryption certificates similar to the ones used by companies that are handling credit card transactions over the Internet like Amazon or e-bay.

For Taxware clients this system will work very similar to the way we transmit California tax returns. A connection will be made, your files uploaded to the IRS using these secure encryption certificates. This can either be done by purchasing your own certificates or piggy backing the tax return through Taxware's certificate at no charge.

IFA - Internet Filing Application

The other transmission method is called the IFA or Internet Filing Application system. This is the system that we are currently using for the filing of 1120, 1120s, and 1065 tax returns. The main difference between the 1040 and entity returns is that the 1040 returns can be sent in a batch verses one at a time. The IFA system utilizes the IRS e-services Internet system. If you haven't gotten set up with an e-services account we highly recommend you do so. This system has some really nice features like virtually instant acknowledgments. Another great feature is acknowledgement retrieval, if you have misplaced an acknowledgment you can log back in and enter the tax returns submission ID to download an acknowledgment for that return without talking to the IRS. If you don't currently e-file your entity returns but want a preview into the IFA system you can watch the 1120 electronic filing video on our website. Towards the end of that video we transmit a return using the IFA system.



Login

Username
Password

Legacy 1041

The one exception to the MeF rule is the 1041 system. It will still be legacy for 2012. The IRS doesn't have plans on getting the 1041 MeF ready until 2013 or maybe even 2014. We think they are making a mistake because I don't know too many people who are going to work through maintaining an old ems legacy login for such a small volume of returns. I have several calls and e-mails into the IRS encouraging them to develop this into MeFas soon as possible.