

# Questions and Answers for Tax Professionals

## Tax Year 2006 Important Dates

Begin transmitting  
live IRS e-file returns  
**January 12, 2007**

Last date for transmitting  
timely filed returns  
**April 16, 2007**

Last date for transmitting  
timely filed Forms 4868  
**April 16, 2007**

Last date for retransmitting  
rejected timely filed returns  
**April 20, 2007**

Last date for retransmitting  
rejected timely filed Forms 4868  
**April 20, 2007**

Last date IRS will accept  
test transmissions  
**No cut-off date**

Last date to submit  
new IRS e-file Applications  
**No cut-off date**

Transmitting timely filed  
Forms 4868 or 2350 to meet  
overseas exception  
**June 15, 2007**

Retransmitting rejected timely  
filed Forms 4868 or 2350 to  
meet overseas exception  
**June 20, 2007**

Last date for transmitting  
returns on extension from  
Form 4868  
**October 15, 2007**

Last date for retransmitting  
rejected late or returns on  
extension from Form 4868  
**October 20, 2007**

## 1. What's new for the IRS e-file Program in Tax Year 2006?

### A. The following new forms are accepted for e-filing:

**Form 1040EZ-T**, *Claim for Refund of Federal  
Telephone Excise Tax*

**Form 5695**, *Residential Energy Credits*

**Form 8888**, *Direct Deposit of Refund*

**Form 8900**, *Qualified Railroad Track  
Maintenance Credit*

**Form 8906**, *Distilled Spirits Credit*

**Form 8907**, *Nonconventional Source Fuel Credit*

**Form 8908**, *Energy Efficient Home Credit*

**Form 8910**, *Alternative Motor Vehicle Credit*

**Form 8911**, *Alternative Fuel Vehicle Refueling  
Property Credit*

**Form 8912**, *Clean Renewable Energy Bond Credit*

**Form 8913**, *Credit for Federal Telephone Excise Tax Paid*

### B. Form 1040 Series Changes for Tax Year 2007 include:

The deduction for Educator Expenses expired and the line is replaced with the Archer MSA deduction on Form 1040, and replaced with Penalty on Early Withdrawal of Savings on Form 1040A.

The Tuition and Fees deduction expired and the line is replaced with Jury Duty Pay for Form 1040/1040A.

Several business credits that were previously reported on Form 1040 will be reported on Form 3800.

The Adoption Credit has moved to a different line of Form 1040 and was deleted from Form 1040A.

**C. Acknowledgement File Record.** There will be a new field on the Acknowledgement File Record to identify taxpayers who have not submitted the required Form 8453-OL in the past two years. The new field, Non-Compliant Indicator (8453-OL) is SEQ 0015.

**D. Federal/State e-file.** In Filing Season 2007 (Tax Year 2006), Individual e-file will accept Federal/State imperfect returns when indicated by the Electronic Return Originator (ERO) on the second or subsequent filing when 1) the Child's SSN and Name Control on Schedule EIC does not match Master File, or 2) when the Dependent's SSN and Name Control on Form 1040/A does not match Master File.

### E. Electronic Transmitted Document (ETD) Changes.

Extension requests for deceased taxpayers can be filed electronically. The extension request can be for a taxpayer with a Date of Death in the current tax year or processing year.

**F. Schedule D-1, Paper Document Indicator.** Paper Document Indicator 11 (sequence 0181) has been added to the Summary Record to indicate that Schedule D-1 or an acceptable substitute will be submitted with Form 8453 or 8453-OL.

**G. Processing Site Realignment.** Kansas and Missouri e-filed returns will be processed in Kansas City instead of Austin.

**H. Form 8888, Direct Deposit of Refund.** For Filing Season 2007, taxpayers will be able to use direct deposit to divide their refunds. Form 8888, which may be filed electronically, will allow taxpayers to deposit their refund in up to three designated accounts, such as checking and/or savings.

**I. Electronic Funds Withdrawal.** You can now schedule up to four Form 1040-ES payments while e-filing individual returns. These payments can be scheduled up to 365 days in advance of the due date.



## 2. What's new for credit card payments?

Beginning January 1, 2007, Form 940 and Form 941 filers can make credit card payments for balances owed that are up to 10 tax years past due. Form 944 balance due payments can also be paid by credit card. **Note: Federal tax deposits cannot be paid by credit card.** Credit card payments will be accepted for a Trust Fund Recovery Penalty (TFRP) assessed against an individual. These payments can be made by phone or Internet.

## 3. Do your clients want to know the status of their refund?

Go to [www.irs.gov/efile](http://www.irs.gov/efile) and click on Where's My Refund?

You filed your client's tax return and they are expecting a refund. They have just one question and they want the answer now—Where's My Refund?

They can access this secure Web site to find out if the IRS received their return and whether their refund was processed and sent to them. They can get their refund status by providing the following information as shown on their return:

- Social Security Number (or IRS Individual Tax Identification Number)
- Filing Status (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er))
- Refund amount

Okay now, *Go Get My Refund Status!*

**Note:** If they have trouble while using this application, advise them to check the Requirements to make sure they have the correct browser software for this application to function properly.

## 4. Did you know the "QuickAlerts" Messaging System is FREE?

This online messaging system disseminates mass e-file messages, within seconds, to all **subscribed** Authorized IRS *e-file* Providers (Software Developers and Transmitters). See the enclosed Publication 4003, *QuickAlerts* brochure, for detailed information, and sign up today!

## 5. Is the IRS e-file logo available on the Internet for download?

Yes. The IRS *e-file* logo is available for download at the IRS Web site, [www.irs.gov/image/eflpc.gif](http://www.irs.gov/image/eflpc.gif).

## 6. What software should I use to prepare individual tax returns for my clients?

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 developed for individuals to use is limited to a specific number of e-filed returns.

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

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. The PTIN internet application enables a paid preparer to request electronically a PTIN, request a new PTIN card, update their PTIN records or look up a forgotten PTIN. Access through [www.irs.gov](http://www.irs.gov) and click on e-services.

## 8. 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?

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.

## 9. Can a nonresident alien e-file Form 1040 NR-EZ?

No. A paper return must be filed.

## 10. Can I e-file a prior year return?

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

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

Your client's return can be e-filed any time during the filing season. Individual and business e-filers can authorize electronic funds withdrawal payments. Additionally, individual filers may delay out-of-pocket expenses by e-filing and electronically 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.

## 12. What are the benefits of paying electronically?

E-filing a balance due return with an electronic payment is a safe, secure and convenient way to be assured of on-time receipt of both the return and payment. This reduces the chance of errors. When you file and pay electronically, you eliminate the need to mail a paper voucher. You receive an electronic acknowledgement once the return is accepted. Integrated e-file and e-pay options are available throughout the e-file season. Many options are available year round.

## 13. What types of individual taxes can be paid by an electronic funds withdrawal, and when can payments be made?

Payments can be made for (1) current year Individual Income Tax Returns (1040 series); (2) Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*; (3) Form 2350, *Application for Extension of Time to File U.S. Individual Income*

Tax Return; and (4) Tax Year 2007 Form 1040-ES, *Estimated Tax for Individuals*.

A payment can be scheduled to be withdrawn in the future beginning January 12, 2007. Payments scheduled for withdrawal on or before the return due date will be considered timely. After the return due date, the payment date will be the same as the date the return or form is filed. New for 2007, up to four estimated tax payments can be scheduled for withdrawal on the following dates, respectively: April 16, 2007, June 15, 2007, September 17, 2007 and January 15, 2008. If necessary, scheduled payments can be cancelled by calling the U.S. Treasury Financial Agent at 1-888-353-4537, by 8 p.m. Eastern Time, at least 2 business days before the scheduled payment date.

#### **14. What types of business taxes can be paid by an electronic funds withdrawal and when can payments be made?**

Payments can be made for:

- Form 940 series, 941 series and 944 Employment tax forms
- Form 1041, *U.S. Income Tax Return for Estates and Trusts*
- Form 1120, Form 1120S and Form 1120POL, *U.S. Corporation Income Tax Return and Schedule K-1* (including amended returns)
- Form 7004, *Application for Automatic Extension of Time to File Corporation Income Tax Return*
- Form 8868, *Application for Extension of Time to File an Exempt Organization Return*
- Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*
- Payments can also be made for penalties related to Form 1065 and Form 1065B, Partnership returns.

Payments scheduled for withdrawal on or before the return due date will be considered timely. Form(s) 940, 941 and 944 payments cannot be scheduled in advance. The payment date for these forms will be equal to the date the return is filed.

Businesses can e-file and pay at the same time as new e-file options become available. Electronic funds withdrawal payments must be initiated at the time the return or form is e-filed.

#### **15. What types of payments can taxpayers make by credit card?**

Payments can be made for (1) current year and past due Form 1040 series returns; (2) Form 4868; (3) TY 2007 Form 1040-ES; (4) TY 2004 – 2006 Form 1040 advanced payment of a determined deficiency; (5) current and past due Trust Fund Recovery Penalty; (6) current and past due Form 940 balance due; (7) current and past due Form 941 balance due; and (8) TY 2006 Form 944 balance due.

Past due taxes include transactions related to balance due notices, Installment Agreements and other prior tax year payments that are up to 10 years past due.

Check with your software provider regarding the availability of an integrated e-file and pay by credit card option.

Your clients can pay the above-named tax types by phone or Internet through two credit card service providers. Both service providers accept American Express® Cards, Discover® Cards, MasterCard® cards and Visa® cards. The service providers charge a convenience fee. A confirmation number is provided at the end of the transaction.

Effective January 1, 2007, taxpayers can begin making TY 2006 credit card payments by phone or Internet. Integrated e-file and e-pay options begin January 12, 2007.

**Note:** The IRS does not receive or store credit card numbers.

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

The company that processes the credit card payments charges a convenience fee. Convenience fees may vary between service providers. The fee is a non-deductible personal expense; however, it is a deductible business expense.

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.

#### **17. How can I get more information on electronic payment options?**

More information is available on electronic payment options, the types of taxes that can be paid electronically and important dates at [www.irs.gov](http://www.irs.gov) keyword: e-pay. You may visit the IRS e-file Electronic Payment Options page for

details. Also, you may refer to Publication 3611, *Electronic Payments* brochure.

#### **18. Which electronic payment option is best for my clients?**

There are 3 electronic payment methods available:

- Electronic Funds Withdrawal
- Credit Card
- EFTPS (Electronic Federal Tax Payment System)

Each method offers distinct benefits depending upon the taxpayer and their payment situation.

**A. What types of federal individual taxes can be paid by EFTPS?** All individual federal tax payments for any year can be paid using EFTPS. This includes the 1040 series, extensions, estimated payments, past due payments, penalties, and installment agreement payments. EFTPS is ideal for those individual taxpayers who make multiple payments throughout the year. In addition, all federal business taxes can be paid using EFTPS.

**B. What's new for EFTPS?** In Spring 2006, EFTPS launched a new and improved version of the popular Batch Provider Software for tax professionals. With this new Windows® software and a secure Internet connection, you can make up to 5,000 payments in one transaction for both business and individual clients, with payments made from their bank accounts or a Master Account that you maintain. It's an easy to install and use software that allows for registration through the software. You can have multiple users, receive real-time payment synchronization with the EFTPS database, and download payment information to other programs. The free software is available for download from [www.eftps.gov](http://www.eftps.gov), or by calling EFTPS Customer Service at 1-800-945-0966.

**C. What are the benefits of becoming an EFTPS Batch Provider?** When you become an EFTPS Batch Provider, you can easily maintain control over your clients' federal tax payments so you know exactly what has been paid and when. In addition, you receive an immediate acknowledgement of each payment; you can schedule payments in advance to avoid missing deadlines, and access clients' payment history real-time. As a Batch Provider, you can make it easier on your clients when it comes to making tax payments, and offer them another service that is secure, fast and convenient.



**D. What are the benefits of recommending EFTPS to my clients?** If you choose not to become an EFTPS Batch Provider, you should recommend EFTPS to your clients for their use. Taxpayers can make secure payments by Internet or phone 24 hours a day, 7 days a week. For each payment, they receive an immediate acknowledgement number that is their receipt; they have access to 16 months of their payment history online or by phone, and they can safely schedule payments in advance to avoid missing deadlines. A live Customer Service representative is available 24/7 for any questions or assistance. Taxpayers can enroll online at [www.eftps.gov](http://www.eftps.gov), or call EFTPS Customer Service at 1-800-555-4477.

**E. What do I do if I'm making payments for my clients but they receive the FTD Coupon booklet?** Many times clients forget to send the booklet to their provider or they need to retain it to make other form type tax payments. When it is time to make the payment, the party without the FTD Coupon Booklet has to call or visit IRS to get additional coupons. This adds additional time to the payment process and could cause a penalty to be incurred. If you and your client were both using EFTPS to make payments, you wouldn't have to worry about who has the coupons.

### **19. How can I use IRS e-file to file my client's Tax Year 2006 Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return?**

Form 4868 may be e-filed through tax preparation software by the original due date of the return, April 16, 2007. This form is an extension of time to file a tax return, not an extension of time to pay a balance due. Check with your software provider regarding the availability of this e-file option.

Filing an extension electronically is advantageous because you get a confirmation of receipt of the electronic form. You can begin e-filing TY 2006 Form 4868 for your clients on January 12, 2007. If there is a balance due, an electronic funds withdrawal payment can be authorized. Credit card payments can be made by phone or Internet beginning January 1, 2007. If there is a payment due, authorizing an electronic payment while e-filing or paying by

credit card eliminates the need to mail Form 4868 or a paper payment to the IRS.

### **20. What are my client's options if the total tax cannot be paid by the return due date?**

Taxpayers are responsible for paying the tax due by April 16, 2007 or they will be subject to penalties and interest. If your client is unable to pay the total tax owed by April 16, 2007, you can electronically file Form 9465, *Installment Agreement Request*. An approved installment agreement allows your client to make a pre-determined series of partial payments after the return due date.

### **21. Did you know IRS has two electronic signature methods available for taxpayers to sign their e-filed tax returns?**

The Self-Select PIN method and the Practitioner PIN method are the two types of electronic signature methods. Both allow taxpayers to use a Personal Identification Number (PIN) to sign the return and the Declaration of Taxpayer. The Self-Select PIN method requires taxpayers to provide their Date of Birth and prior year original Adjusted Gross Income (AGI) amount or prior year PIN for use by the IRS to authenticate the taxpayer. However, the Practitioner PIN method does not require the taxpayer to provide their Date of Birth, prior year AGI amount or prior year PIN. A signature authorization form must be completed when using the Practitioner PIN method.

Regardless of the method of electronic signature used, taxpayers may enter their PIN in the electronic return; however, the ERO may select the PIN, or the software may generate the taxpayer's PIN, if the taxpayer agrees by signing an IRS *e-file* signature authorization containing the PIN.

### **22. How do I know if the taxpayer's PIN was accepted by the IRS?**

Refer to the "PIN Presence Indicator" field (SEQ 0065) in the Acknowledgement File Key (ACK) Record to confirm that IRS received a taxpayer PIN with the return. The ACK file, which is sent to transmitters, also includes other essential information such as the "Date of Birth Validity Code" (SEQ 0017) and "Debt Code" (SEQ 0120). It identifies which returns have been

accepted, rejected or identified as duplicates. Corrective action may be required to satisfy the condition identified. See Publication 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns*, for additional information.

### **23. Who can use the Self-Select PIN method?**

The Self-Select PIN method is available for most taxpayers who file electronically using tax preparation software either by filing through an on-line filing company or through a tax professional. 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.

**The following taxpayers are eligible to use the Self-Select PIN method:**

- Taxpayers who are eligible to file Form 1040, 1040A, 1040EZ, or 1040EZ-T for Tax Year 2006.
  - Taxpayers who did not file for Tax Year 2005, but have filed previously.
  - First-time filers who were 16 or older on or before December 31, 2006.
  - Primary taxpayers under age 16 who filed previously.
  - Secondary Taxpayers under age 16 who have filed in the immediate prior year.
  - Military personnel residing overseas with APO/FPO addresses.
  - Taxpayers residing in the American possessions (Virgin Islands, Puerto Rico, American Samoa, Guam and Northern Marianas) or with foreign country addresses.
  - Taxpayers filing a Form 4868 (extension of time to file) or Form 2350 (extension of time to file for certain U.S. citizens living abroad).
  - Those who are filing on behalf of deceased taxpayers.
- Your client must furnish the following information to validate their identity when using the Self-Select PIN method:
- Name
  - Social Security Number
  - Date of Birth (D.O.B.) and

■ Adjusted Gross Income (AGI) from the originally filed Tax Year 2005 return or the Prior Year PIN from the Tax Year 2005 return if signed electronically. The AGI amount is not the amount from an amended tax return (Form 1040X), or math error correction made by IRS.

**Note:** If your client did not file a tax return in Tax Year 2005, the taxpayer must enter **zero** for the AGI. If taxpayer filed married filing joint for Tax Year 2005, they should both enter the same amount for AGI.

For more detailed information on qualifications and required taxpayer information for using the Self-Select PIN method, refer to [www.irs.gov](http://www.irs.gov), keyword PIN, and your software package.

#### 24. Who cannot use the Self-Select PIN method?

The following taxpayers are not eligible to use the Self-Select PIN method:

- Primary taxpayers under age 16 who have never filed.
- Secondary taxpayers (spouse) under age 16 who did not file in the immediate prior year.
- Taxpayers who filed Forms 1040-NR or 1040-SS for Tax Year 2005.
- Taxpayers whose returns require attachments other than W-2, W-2G, or 1099-R.
- Taxpayers required to file the following forms which must be attached to Form 8453, *U.S. Individual Income Tax Declaration for an IRS e-file Return*: Form 3115, *Application for Change in Accounting Method*; Form 3468, *Computation of Investment Credit*, if historic Structure Certificate is required; Form 4136, *Credit for Federal Tax Paid on Fuels*, if certificate and/or reseller statement is required; Form 5713, *International Boycott Report*; Form 8283, *Noncash Charitable Contributions*, Section A, if statement(s) required, or Section B, *Donated Property*; Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*; Form 8858, *Information Return of U.S. Persons with Respect to Foreign Disregarded Entities*; Form 8864, *Biodiesel and Renewable Diesel Fuels Credit*, if Certificate and/or reseller statement is required; Form 8885, *Health Care Tax Credit*, and Schedule D-1, *Continuation Sheet for Schedule D (Form 1040)* (or acceptable substitute), if taxpayer elects not to include their transactions on the electronic STCGL or LTCGL records.

#### 25. Are there any changes for the Self-Select PIN method being implemented for Filing Season 2007?

Beginning in Filing Season 2007, when using the Self-Select Personal Identification Number (PIN) signature method taxpayers will be able to use their prior year PIN for authentication. The prior year PIN is the PIN signature taxpayers used to electronically sign their e-filed return for Tax Year 2005. The prior year PIN DOES NOT increase the number of shared secrets that have to be submitted to IRS. Taxpayers may use either their original prior year Adjusted Gross Income or prior year PIN for authentication.

IRS encourages Tax Professionals to ensure that their clients are aware of the AGI requirements for using the Self-Select PIN method. Taxpayers are required to enter their originally filed TY 2005 AGI amount. This amount is **not** the amount from an amended tax return (Form 1040X), or a math error correction made by IRS. If filing a Married Filing Joint (MFJ) return, the same AGI amount from the prior year return should be entered for both taxpayers. The amount should not be divided between the taxpayers. The primary and spouse fields should contain the same figure. If the taxpayers are filing MFJ for the first time, they should both use the AGI amounts from each of their TY 2005 returns; in a situation like this the AGI fields may not contain the same amount.

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

A client who uses the Self-Select PIN method may authorize you to input his/her PIN by completing Form 8879, *IRS e-file Signature Authorization*. Provide this form to the taxpayer along with a copy of the completed tax return, either personally, by U.S. mail, private delivery service, email or Internet website. Instruct clients to review their tax return for accuracy and to complete Part II of Form 8879. Clients may

return the signed form to your office by U.S. mail, private delivery service, or fax. When filing a joint tax return, it is acceptable for one taxpayer to personally input their own PIN and for the spouse to complete Form 8879 to authorize the ERO to input their PIN.

**Do not submit Form 8879 to IRS or use this form to transmit payments to IRS.** EROs must retain Form 8879 in their file for three years from the return due date, or IRS received date, whichever is later. Electronic storage in accordance with Revenue Procedure, 97-22, *Retention of Books and Records*, is acceptable.

#### 27. Did you know that the Practitioner PIN method is available to all Authorized IRS e-file Providers?

The Practitioner PIN method is an *additional* electronic signature option for taxpayers who use an Authorized IRS e-file Provider (ERO) to e-file. Taxpayers either sign their own return electronically using a five-digit PIN, or authorize the ERO to sign the return with their (taxpayer's) five-digit PIN. The PIN can be any five numbers except ALL zeros. Here are some frequently asked questions:

**A. Do I need any specific forms to use the Practitioner PIN method?** Taxpayers must complete Form 8879, *IRS e-file Signature Authorization*, for returns using the Practitioner PIN method. Taxpayers can either enter their own PIN or authorize the ERO to enter their (taxpayer's) PIN for them when completing Form 8879.

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#### **B. Who is eligible to use the Practitioner PIN method?**

Taxpayers who are eligible to file Forms 1040, 1040A, or 1040EZ are eligible to use the Practitioner PIN method. There is no age limit on who can use the Practitioner PIN method.

#### **C. Who is ineligible to use the Practitioner PIN method?**

Taxpayers required to file the following forms which must be attached to Form 8453, *U.S. Individual Income Tax Declaration for an IRS e-file Return*: Form 3115, *Application for Change in Accounting Method*; Form 3468, *Computation of Investment Credit*, if historic Structure Certificate is required; Form 4136, *Credit for Federal Tax Paid on Fuels*, if certificate and/or reseller statement is required; Form 5713, *International Boycott Report*; Form 8283, *Noncash Charitable Contributions*, Section A, if statement(s) required, or Section B, *Donated Property*; Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents*; Form 8858, *Information Return of U.S. Persons with Respect to Foreign Disregarded Entities*; Form 8864, *Biodiesel and Renewable Diesel Fuels Credit*, if Certificate and/or reseller statement is required; Form 8885, *Health Care Tax Credit*, and Schedule D-1, *Continuation Sheet for Schedule D (Form 1040)* (or acceptable substitute), if taxpayer elects not to include their transactions on the electronic STCGL or LTCGL records.

#### **D. How does the Practitioner PIN method benefit the ERO?**

The Practitioner PIN method offers an additional signature option for EROs to use in preparing and transmitting Forms 1040/A/EZ to IRS. More specifically, it eliminates the Form 8453 by providing a **totally paperless** e-filed return. The Date of Birth and Adjusted Gross Income amount or prior year PIN are not needed for the Practitioner PIN method.

#### **E. What is my responsibility as an ERO using the Practitioner PIN method?**

EROs are required to sign Form 8879, Part III, and input their ERO EFIN/PIN for all returns using the Practitioner PIN method. The ERO EFIN/PIN consists of eleven digits (the first six positions are the EFIN and the last five are any five numbers except ALL zeros).

EROs should confirm the identity of taxpayers per Publication 1345, *Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns*, when completing Form 8879, prior to transmitting returns to IRS.

#### **F. Do I mail Form 8879, IRS e-file Signature Authorization, to the IRS?**

No. Do not mail Form 8879 to IRS. EROs using the Practitioner PIN method must retain Forms 8879 for three years from the return due date or IRS received date, whichever is later. Electronic storage in accordance with Revenue Procedure, 97-22, *Retention of Books and Records*, is acceptable.

#### **G. Can an ERO use Form 8879 to submit a check or money order payment to IRS for an electronically filed return?**

No. Form 8879 should **not** be used to transmit check or money order payments to IRS. We encourage use of our electronic payment options, such as electronic funds withdrawal or paying by credit card. See additional information in this publication regarding these options. For those who prefer to send check and money order payments for electronically filed returns, they should be sent with Form 1040-V, *Payment Voucher*, to the applicable address on that form.

#### **H. Will I receive an Acknowledgment that the Practitioner PIN method was used?**

Yes. A PIN Presence Indicator of "1" will be present in the Acknowledgment File Key Record of a return when the Practitioner PIN method is used. Please be sure to check the Acknowledgment File for the PIN Presence Indicator on all returns transmitted using a PIN signature.

#### **I. Where can I find the Error Reject Codes for the Practitioner PIN method?**

The Error Reject Codes can be found in the Publication 1345A, *Filing Season Supplement for Authorized IRS e-file Providers*.

#### **J. Where can I find the file specifications for the Practitioner PIN method?**

The file specifications can be found in Publication 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns for TY 2006*.

#### **28. Did you know that you may file your clients' state and federal return together?**

A Federal and state return can be filed at the same time, it's called Federal/State filing. The e-file software places your client's Federal and State return data in separate packets. These packets are transmitted to the IRS simultaneously. The IRS functions as an electronic post office for the participating state, which receives, and processes, for states to retrieve.

State Only filing is also available. A State return may be filed with a "dummy" State Only Form 1040 attached. A State Only return may be filed in the following instances; if a state return was previously rejected, a state return input separately from Federal return, part-year resident state return, multiple state returns for one taxpayer, non-resident state returns, married filing separately with state, but filing jointly with Federal return.

#### **29. How does e-filing my clients' Federal and state returns benefit me?**

Filing your clients' Federal and state returns simultaneously reduces processing time and costs, expands your business opportunities, and strengthens client relationships. At the same time, your clients receive more efficient service that includes a faster refund, an accurate return and taxpayer confidentiality.

#### **30. Where can I find more information on e-filing my business return?**

Visit the IRS Web site at <http://www.irs.gov/efile/article/0,,id=118519,00.html> and access technical publications and much more.

#### **31. Where can I find more information on EITC and Due Diligence?**

Tax professionals play an important role in helping taxpayers understand and appropriately claim the Earned Income Tax Credit (EITC). Now, practically everything you need to know about EITC is available right on your own computer – 24 hours a day, 7 days a week.

- Visit the EITC Electronic Toolkit for Tax Preparers at [www.eitcfortaxpreparers.com](http://www.eitcfortaxpreparers.com) for user-friendly listings on EITC eligibility requirements and full compliance information.
- Use the EITC Assistant, an interactive tool that lets you show your clients whether or not they qualify, and why. It's available in English and Spanish.
- Get current downloadable forms, publications, and up to date information at [www.irs.gov/eitc](http://www.irs.gov/eitc).

**Note:** The information contained in this publication is subject to change.

