

## Important Information for Modernized e-File (MeF)

<b>Background</b>	<p>The Modernized e-File (MeF) system will replace the current IRS tax return filing technology with a modernized, Internet-based electronic filing platform. This transaction-based system will allow tax return originators to transmit returns electronically to the IRS in real-time, improving turnaround times. This is a major improvement over the current 1040 e-file system which processed returns in several batches per day, rather than in real time.</p> <p>Deployment of the MeF system will be accomplished in three phases. Tax Year 2011 is Phase III.</p>
<b>Phase III</b>	<p>Phase III of the 1040 MeF begins January 2012 (for the 2011 tax year) and adds an additional 132 forms and schedules. Beginning with this year, MeF will accept a total of 155 forms and schedules to include the parent forms 1040A, 1040EZ and 1040 SS (PR).</p> <p>The phase III roll-out also includes the ability to attach <b>Adobe PDF</b> files (binary attachments) with electronically filed returns. Attaching Adobe PDF files is not mandatory for tax year 2011 (FY2012), but will be mandatory in tax year 2012 (FY2013). Adobe PDF attachments will be used to eliminate the filing of paper Forms 8453, <i>U.S. Individual Income Tax Transmittal for an IRS e-file Return</i> and attachments.</p> <p>Once MeF is fully implemented, it is planned to stop supporting the 1040 Legacy system after October 2012.</p>
<b>Prior Year Returns</b>	<p>For tax year 2011, volunteers will be able to e-file tax year 2010 prior year forms limited to the 23* forms and schedules qualified for MeF during FY 2011.</p> <p>In Tax Year 2012, volunteers will be able to e-file 2010* and 2011. The MeF system will allow the current tax year and <b>2 prior</b> years to be e-filed.</p> <p style="text-align: center;">* See IRS.gov for a complete list of forms</p>
<b>Participating States</b>	<p>There are <a href="#">29 states</a> currently participating in MeF plus two independent states, <b>California and Massachusetts</b>. At the time this document was written, TaxWise was in the process of testing 11 states to be included in their software and eligible for filing through MeF. These states are: <b>Alabama, Illinois, Ohio, Michigan, Wisconsin, Missouri, Oklahoma, Colorado, Kansas, Indiana and Georgia</b>.</p> <p>Note: As TaxWise continues to develop, test, and add more states to MeF, volunteers will be notified.</p>
<b>E-filing State Return</b>	<p>Returns prepared for states programmed in TaxWise software for submission through MeF will default to linked. If the volunteer does not want to link the federal and state returns, they will need to mark the state return “unlinked” prior to submission of the e-file.</p> <p><b>A linked return is</b> when IRS will not make the state return available until the Federal return is accepted.</p> <p><b>Unlinked</b> return is when the state return will be made available to the state agency at the time of submission. The state processes the return without knowledge of the Federal filing status.</p> <p>Returns prepared for states not participating in MeF or not programmed in TaxWise software will default to “state only”. Volunteer preparers are strongly recommended to submit both the federal and the state returns together.</p>

**Q & A****If a state is not enrolled in MeF will the Federal qualify?**

Yes, whether or not a state participates in MeF has no bearing on a taxpayer's Federal return only on the state return.

**If the federal return rejects, how will it impact the state return?**

The state return can be sent "linked or unlinked". If the federal return rejects and the state return are sent "linked" then the state return will be denied (not made available to the state). A notification will be forwarded.

However, if the federal return rejects and the state return are sent "unlinked" the state return will be made available to the state. When a state return is sent "unlinked", IRS does not check the status of the federal return.

**How will IRS process returns when the federal goes MeF and the state is sent legacy?**

It will be processed the same way as last year. Volunteers can submit both the federal and state returns at the same time (preferred method) or can elect to send the federal return, wait for it to be accepted before sending the state return. Both TaxWise and TaxWise online have an indicator on the "Send e-file grid" that indicates if the federal return has been accepted.

**Is sending the state separate from the federal return considered unlinked?**

Yes, for the 11 states programmed for MeF they used the terms linked or unlinked. The remaining states not programmed for MeF their states return will be submitted as "state only".

### Comparison Chart

Item	Current Process (Legacy)	Modernized E-File
E-File start date	January 17, 2012 @ 9 AM (EST)	January 17, 2012 @ 9 AM (EST)
Acknowledgements	48 hours	Within 1 – 2 hours
Refund delivery	No change – 14 days direct deposit; 21 days mail	No change – 14 days direct deposit; 21 days mail
Transmitting Identifier	Declaration Control Number (DCN)	Submission ID – 20 Digit
Attachments	No	Yes (Adobe PDF)
E-File of Prior Year Returns	No	Yes – Beginning in Filing Season 2012
Amended Returns	No	Currently on hold
Year-round electronic filing	No – Ends October 15th	Yes
Specific explanation of errors	No – Error code may apply to multiple types of errors	Yes – New error code explanations pinpoint the location of the error on the return
Electronic signature process	Yes – Self-select & Practitioner PIN	Yes – use one of two signature methods – Form 8879 & minor change Form 8453 can be scanned and e-file with the return
Form 8879	DCN prints on Form 8879 when e-file is created; does not change if return rejects.	Submission ID prints on Form 8879 and does change when changes are made. New ID number is issued when return is rejected and re-transmitted.
Integrated Payment Options	Yes	Yes – E-file a balance due return and at the same time authorize an electronic funds withdrawal from your bank account.