

Electronic Filing Mandate For Tax Preparers

1. What is the electronic filing mandate?

The electronic filing mandate is the requirement for certain tax preparers to file individual income tax returns electronically beginning January 1, 2008, as authorized by La. Revised Statute 47:1520.

2. Who is subject to the tax return preparer electronic filing mandate?

The mandate applies to any tax preparer that prepares more than 100 Louisiana individual income tax returns during any calendar year.

3. Who is considered a tax preparer?

A tax preparer is defined in LAC 61:III.1501.A as a person or entity that prepares for compensation or employs one or more persons to prepare for compensation any Louisiana individual income tax return. A tax preparer is an entity that is assigned a Tax Identification Number and includes all of the entity's locations.

4. How do I determine if I meet the 100 return threshold and am required to electronic filing?

The mandate for 2008 will be based on the number of individual income tax returns, including resident, nonresident, and part-year returns, filed by the tax preparer in 2007. The combined total of the returns prepared by all employees at all of the tax preparer's locations will be used to determine whether or not the tax preparer is subject to the electronic filing mandate.

5. Will you notify me if I am subject to the electronic filing mandate?

No, it is the responsibility of the tax preparer to comply with the electronic filing mandate.

6. I have employees who prepare tax returns. How should I count those returns with regard to the threshold?

Returns are counted at the entity level. It is the combined total of returns prepared by you and your employees that will be used to determine whether or not you are subject to the electronic filing mandate

7. My business has multiple locations. Does the threshold apply to each location separately?

No. Returns are counted at the entity level. It is the combined total of the returns prepared at all of your locations that determine whether or not you are subject to the electronic filing mandate.

8. My business is located outside of Louisiana. Am I still subject to the electronic filing mandate?

Yes. If you meet the requirements in the law, you are subject to the electronic filing mandate even though you are located outside the state of Louisiana.

9. I have never e-filed. What do I have to do?

A tax preparer that is subject to the electronic filing mandate must be accepted in the IRS e-file Program and have an Electronic Filer Identification Number (EFIN) and use software

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that has been approved for e-file by the Louisiana Department of Revenue. There is no separate e-file registration requirement for Louisiana.

For information about e-file registration and the IRS e-file program, go to the IRS web site, www.irs.gov. For an overview of the IRS electronic filing program with links to registration forms, go to *e-file Made Easy—A Tax Professional's One-Stop e-file & e-Pay Shop*—see <http://www.irs.gov/efile/article/0,,id=120335,00.html>.

10. How do I find software that is approved by the Department?

A list of approved electronic filing software vendors for the 2007 tax year is posted on the Department of Revenue web site—see www.revenue.louisiana.gov/sections/eservices/esftwvnd.aspx.

11. For 2008, how many returns must be filed electronically?

For individual income tax returns due on or after January 1, 2008, 30 percent of the authorized returns must be filed electronically.

12. How will the electronic filing mandate be phased in after 2008?

Effective for individual income tax returns due on or after January 1, 2010, 60 percent of the authorized returns must be filed electronically.

Effective for individual income tax returns due on or after January 1, 2012, 90 percent of the authorized returns must be filed electronically.

13. Will tax preparers be penalized for not filing the mandated percentage of tax returns electronically?

Revised Statute 47:1520 has no penalty provisions for noncompliance with the electronic filing mandate. We hope that the mandate will encourage tax preparers to switch to state electronic filing and to persuade their clients of the advantages that electronic filing provides.

- Tax preparers will benefit by simpler return preparation and ensured mathematical accuracy. Faster error-free processing and refund issuance will make for happier clients.
- Clients will benefit by the faster refunds—returns are processed in less than 10 days—and the ability to directly deposit refunds into their bank account and pay taxes by direct debit or e-check from their bank account scheduled to occur anytime on or before the tax due date.

Based on tax-return data from filings received during the phase-in period, the compliance levels will be reviewed based on preparer IDs and reported to the legislature along with a recommendation for compliance penalties if appropriate.

14. What is an authorized individual income tax return?

An authorized individual income tax return is any individual tax return that can be filed electronically using software that has been approved for electronic filing by the Louisiana Department of Revenue.

15. What returns can be filed electronically?

Most approved electronic filing software allows electronic filing of all Louisiana resident and nonresident individual income tax returns and schedules. However, you should check to ensure that the software supports the returns and schedules that you need to file before purchasing it.

16. What about requesting an extension to file a return?

Requests for an extension to file a return cannot be made electronically. However, the accepted federal extension date can be provided when e-filing.

17. Can tax preparers opt-out?

No, there is no provision in the law that allows a preparer to opt-out. However LAC 61:III.1501.E provides that the secretary may waive the electronic filing requirement if it is determined that complying with the requirement would cause an undue hardship. Waivers must be requested and each request will be considered individually. Requests should be addressed to the Tax Administration Division, Post Office Box 3193, Baton Rouge, Louisiana 70821-3193. Requests should include valid reasons why the tax preparer cannot comply with the electronic filing mandate.

18. I am a volunteer return preparer. Am I subject to the mandate?

No, the mandate applies to individuals and entities that employ one or more individuals that receive compensation for preparing a return.

19. What if my client does not want to e-file?

Since tax preparers will only be required to file a percentage of their tax returns and will never be required to file all returns electronically, clients refusing e-file will be included in the tax preparers percentage not required to e-file.

20. What if I prepare less than 100 returns in future years?

Once a tax preparer meets the 100 return threshold and is subject to the mandate, the tax preparer must continue to e-file the required percentages for subsequent years as stated in the mandate.

21. My software does not support Louisiana e-file. Am I still subject to the mandate?

Yes, you must purchase approved Louisiana electronic filing software.

22. I have not received my e-file authorization from the IRS yet. What should I do?

You must have your IRS e-file authorization before you can e-file Louisiana individual income tax returns. If you have not yet applied for an e-file authorization from the IRS, you must do so. Visit the IRS web site (www.irs.gov/efile/article/0,,id=118663,00.html) for information on the application process. Once you have registered for e-file with the IRS, you can electronically check the status of your e-file application on the IRS web site.

As soon as you receive your IRS EFIN and your Louisiana approved software, you can begin e-filing individual income tax returns.

23. Will I receive notification from Louisiana that an electronic return filing was received?

Yes, receipt information will be available to the transmitter through the IRS. Louisiana will create the appropriate acknowledgement file and post it to the IRS after each retrieval.

24. Do I submit a signature page to the Department?

No, the tax preparer should not submit a signature page.

25. What forms do I maintain on file?

The state copies of the Forms W-2, W-2G, 1099R, and all supporting documentation required for state return line items as defined in the instruction booklet should also be maintained with the signature form.

The tax preparer should retain the IRS e-file Signature Authorization, Form 8879 (www.irs.gov/pub/irs-pdf/f8879.pdf), which will be accepted as the taxpayer's state signature document as well. The forms must be retained for three years from the return due date or the IRS received date, whichever is later. The forms may be retained electronically in accordance with the recordkeeping guidelines in Rev. Proc. 97-22 (www.irs.gov/pub/irs-irbs/irb97-13.pdf).

If the tax preparer is filing a Louisiana state only return or a Louisiana state amended return for a taxpayer, the tax preparer must maintain the LA Tax Declaration for Electronic Filing Form R-8453 ([www.revenue.louisiana.gov/forms/taxforms/8453\(1_07\)F.pdf](http://www.revenue.louisiana.gov/forms/taxforms/8453(1_07)F.pdf)), for three years from the return due date or the Department of Revenue received date, whichever is later.

26. What forms do I give to my clients?

Tax preparers must furnish your clients documentation of all completed forms and schedules filed for them, including all Louisiana state forms and schedules.

27. What if there is a change on the return after IRS accepts the transmission?

Electronically filed returns may not be changed after the IRS accepts the transmission. If the returns are submitted and rejected by the IRS for federal or state reasons, the returns can be corrected and retransmitted.

If the tax preparer or taxpayer needs to make changes after the IRS has accepted the returns, the taxpayer may file a separate electronic amended return for the state, but must file a paper amended federal return mailed to the IRS because the IRS does not accept electronic amended federal returns.

28. If the taxpayer has a balance due, can I still e-file their returns?

Yes, a return with a balance due can be e-filed and there are several ways to make payment:

- Direct Debit—Taxpayers may directly debit all or part of their amount due from their bank account when e-filing. The debit may be scheduled to occur anytime on or before the tax due date.
- Credit Card—Payments may be made by credit card or on our web site using this link: www.revenue.louisiana.gov/sections/eservices/ccpayments.aspx
- Electronic Check (e-check)—is also available through our web site.

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- Check—Submitted with an Individual Income Tax Electronic Filing Payment Voucher, Form R-540V ([www.revenue.louisiana.gov/forms/taxforms/540VSD\(06\)F.pdf](http://www.revenue.louisiana.gov/forms/taxforms/540VSD(06)F.pdf)), that can be printed from your electronic filing software or from our web site.

29. How are refunds handled?

The taxpayer can elect to have their refund mailed to the address on their tax return or directly deposited into their bank account. However, La. Revised Statute 47:1520.1 requires taxpayers filing their individual income tax returns using federal/state e-file and electing direct deposit of their federal refund to also select direct deposit for their state tax refund.

30. How does my client check the status of their refund?

Taxpayers can check on the status of their refund online at the Department's web site using the Individual Income Tax Refund Status page (<https://webtax2.rev.louisiana.gov/Status/Refund/>) or call The Louisiana Department of Revenue's Toll-Free Automated Tax Information Line number, 1-888-829-3071. The taxpayer must provide their social security number and amount of refund requested.

31. Who do I contact if I have questions or problems with regard to the transmission of the state return or acknowledgements?

Tax preparers should contact the electronic filing help desk (225) 219-2490 or 219-2492. This number is for tax practitioners and transmitters only.