# GOSYSTEM TAX™

## 1041 E-FILE GUIDE

### FOR TAX YEAR 2020

Last Updated: March 18, 2021

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# CHAPTER 1: 1041 E-FILE

Tax practice offices can e-file fiduciary income tax returns with the IRS using our 1041 application. We support e-file for federal fiduciary income tax returns and the states listed in **Appendix B - State E-file Availability (page 91)**.

While the IRS saves costs with e-filed returns, taxpayers can benefit in the following ways when they e-file their returns:

- Balance due returns can be e-filed anytime before April 15, 2021, and the payment is not due until April 15, 2021.

- When a return is e-filed, the taxpayer receives an acknowledgment from the IRS of its receipt and acceptance. This acknowledgment is better than a return receipt from the US Postal Service because the IRS performs e-file software checks and error checking before accepting a return. The electronic acknowledgment confirms IRS receipt of a mathematically correct and complete return.

- E-filed returns have fewer errors than paper returns because the e-file process eliminates manual input of tax return data by IRS employees.

Thomson Reuters is the "electronic transmitter" for e-file. The tax preparer/firm is the "Electronic Return Originator" (ERO).

You must have a valid E-file Identification Number (EFIN) to e-file a return. To receive an EFIN for your office, Form 8633 MUST be filed with the IRS. If your office had an EFIN last year, **it is not necessarily valid this year (a valid EFIN must have had returns filed under it last year to remain valid)**. Once accepted, you do not have to reapply each year as long as you continue to file returns through IRS e-file and are not suspended from the IRS e-file program. You may also need to complete appropriate application or registration with a state before you can e-file that state return. For additional information on a specific state, check that state's Web site.

## AUTHORIZATION TO PARTICIPATE IN E-FILE PROGRAM

The IRS Regulations require a preparer to apply for permission to e-file tax returns. To request permission to participate in the e-file program, file Form 8633, *Application to Participate in the IRS e-file Program*, with the IRS.

After the application for participation is accepted, the IRS assigns an E-file Identification Number (commonly referred to as an EFIN) to your firm or office. You will use this EFIN throughout the e-file process.

The IRS-assigned EFIN applies to current and future tax years. You do not have to file Form 8633 each year as long as you continue to file returns through IRS e-file and are not suspended from the IRS e-file program. If you filed returns last year through the IRS e-file program, the EFIN continues to be valid for this tax year also.

For more information on the e-file program and filing requirements, please refer to the most current version of the following documents:

- Revenue Procedure 2000-31

- IRS Pub 1437

- http://www.irs.gov/efile/index.html

# E-FILING RETURNS

Prior to e-filing 1041 returns, you must first complete preparation and review of the return to ensure all information on the return is accurate.

***Not all returns qualify for e-file.*** Our program generates appropriate diagnostics when it encounters a return that does not qualify for e-file and rejects the non-qualifying return.

# STEPS TO E-FILING RETURNS

1. Prepare the electronic part of the return.

2. Prepare the paper part of the return.

3. Create an e-file for the return.

4. View and send qualified returns to the IRS.

5. Verify acknowledgment of receipt by the IRS.

# CHAPTER 2: SETTING E-FILE TAX DEFAULTS

## SETTING UP GENERAL DEFAULTS

To set up e-file tax defaults for the entire firm, follow these steps:

1. In Tax Defaults, select **E-file > General Information** tab.

2. Enter the E-file ID Number (EFIN) for the firm.



**Figure 2:1**

3. Select the option, if desired, to allow the IRS to electronically withdraw funds when the return is e-filed with a balance due.

4. For all return types, indicate if you wish to disable the reminder to recreate e-files (for those returns that have changed) when you exit the return.

5. Enter text to print on the top of Form 8879 and Form 8453 e-file signature forms before the e-file is qualified.

6. Select the option, if desired, to suppress Form 8948 if the returned is not e-filed and there are no options selected.

7. **(Does not apply to 1041)** Select the option, if desired not to print the officer's signature date on the e-file signature authorization forms for 1065 and 1120. The date will be included in the XML file.

8. Select the option, if desired, to suppress print of the list of PDF attachments included in the e-file return. You may select this for one, more than one, or all of the listed tax return types.

# SETTING UP 1041 DEFAULTS

1. Navigate to the **E-file > 1041** tab.



**1041 RETURNS**

SIGNATURE METHOD - MAY BE OVERRIDDEN ON A RETURN BY RETURN BASIS

○ Practitioner PIN     ○ Form 8453-F

If Practitioner PIN is selected above:

☐ Randomly generate the Fiduciary PIN number.

☐ Use the first 5 numbers of the Firm Employer ID number as the ERO PIN number.

☐ Print Fiduciary PIN number on Form 1041, Page 1 signature line.

ERO PIN, if not using randomly
generated PIN option.....................
ERO Firm Name.............................

**Figure 2:2**

2. Select the signature method: *Practitioner PIN* or *Form 8453-F*. You can overwrite this selection on a return-by-return basis.

3. For the Practitioner PIN, you can select any or all of the following options:

   - randomly generate the taxpayer and PINs

   - use the first five numbers of the Firm Employer ID Number (FEIN) as the ERO PIN

   - print the fiduciary PIN on the signature line on Form 1041, Page 1.

4. Enter the ERO PIN if you choose not to generate it randomly.

5. Enter the ERO firm name.

# CHAPTER 3: E-FILE MANDATE

Federal law requires many paid tax return preparers to e-file federal income tax returns prepared and filed for individuals, trusts, and estates if they meet certain preparation thresholds.

The rules require members of firms to compute the number of returns in the aggregate that they reasonably expect to file as a firm. If that number is 11 or more, then all members of the firm must e-file the returns they prepare and file. This is true even if a member prepares and files fewer than the threshold on an individual basis.

Clients may independently choose to file on paper.

You must be an authorized e-file provider to use IRS e-file. The authorization process can take 45 days or more, so apply now to make sure you will be ready in January.

Specified tax return preparers may request an undue hardship waiver from the e-file requirement using Form 8944, *Preparer E-file Hardship Waiver Request*.

# PREPARER EXPLANATION FOR NOT E-FILING

If a preparer is claiming exceptions to the requirement to e-file a tax return or has forms that are not available in our software, complete the *Preparer Explanation for Not Filing Electronically* to generate Form 8948 to file with the tax return.

1.  Select **E-file > Additional Information > E-file Opt Out > Preparer Explanation**.



**Figure 3:1**

2.  Enter information for the Form 8948 *Preparer Explanation for Not E-filing*.

3.  If desired, select the option to force print Form 8948.

4.  If desired, select the option to suppress print of Form 8948.

5.  Indicate if the taxpayer chose to file this return on paper. The taxpayer, not the preparer, will send the paper return to the IRS. If this option is selected, we will automatically print a Taxpayer Statement for this.

6.  Indicate if the preparer is a member of a recognized religious group that is conscientiously opposed to e-file.

7.  Indicate if the preparer received a waiver from the requirement to e-file. If so, enter the waiver reference number and the date of the approval letter.

8.  Indicate if the return was rejected by the IRS and the reject condition cannot be resolved. If so, enter the reject code and the number of attempts made to resolve the reject.

9.  Indicate if the preparer's e-file software does not support Form [fill in the blank] or Schedule [fill in the blank].

10. Indicate if the preparer is ineligible to e-file because the IRS does not accept foreign preparers who live and work abroad if they do not have Social Security numbers.

11. Indicate if the preparer is currently ineligible to e-file due to an IRS sanction.

12. If the reason is not listed above, select the option to indicate *Other*, and describe the circumstances that prevent the preparer from e-filing this return.

# E-FILE OPT OUT: TAXPAYER STATEMENT

1. Select **E-file > Additional Information > E-file Opt Out > Taxpayer Statement**.



**Figure 3:2**

2. Indicate if you wish to suppress the following statement:

*My [INSERT TAX YEAR] individual income tax return [INSERT TYPE OF RETURN: Form 1041)*

*My tax return preparer [INSERT PREPARER'S NAME] has informed me that he/she may be required to electronically file if he/she files it with the IRS on my behalf (e.g., submits it by mail to the IRS). I understand that Electronic filing may provide a number of benefits to taxpayers, including an acknowledgment that the IRS received the returns, a reduced chance of errors in processing the returns, and faster refunds. I do not want to have my return electronically filed, and I choose to file my return on paper forms. I will mail or otherwise submit my paper return to IRS myself. My preparer will not file or otherwise mail or submit my paper return to IRS.*

# FAQS ON THE E-FILE MANDATE

Final regulations implementing the e-file requirements of §6011(e)(3) were issued in January 2011. The FAQs regarding the §6011(e)(3) e-file requirements are based upon recently proposed regulations. These proposed rules are subject to change based upon comments received in response to the recently published notice of proposed rulemaking and the content of final regulations.

## How do I become an Authorized E-file Provider?

There are three steps:

1.  Create an IRS e-Services Account.

2.  Submit your application.

3.  Pass a suitability check.

There is no fee, and the process takes up to 45 days. Refer to the *Become an Authorized E-file Provider* page for more guidance.

E-file Identification Numbers (EFINs) are issued on a firm basis. All tax return preparers in the firm are covered by the one EFIN.

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## What is the e-file requirement for tax return preparers?

In November 2009, the President signed legislation that requires specified tax return preparers to e-file certain federal income tax returns that they prepare and file for individuals, trusts, and estates.

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## Who is a specified tax return preparer?

A specified tax return preparer is a preparer of covered returns (see below) who reasonably expects to file 11 or more covered returns. If you are a member of a firm, see below.

The new requirement does not apply to individuals who do not meet the definition of "tax return preparers" under the Internal Revenue Code and related regulations, such an individual who provides tax assistance under a Volunteer Income Tax Assistance (VITA) program, a person who merely prepares a return of the employer (or of an officer or employee of the employer) by whom the person is regularly and continuously employed, or a person who prepares a return as a fiduciary for any person.

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## What tax returns are covered by the requirement?

The requirement applies to any return of income tax imposed by subtitle A of the Internal Revenue Code on individuals, estates, and trusts, such as Forms 1040, 1040A, 1040EZ, and 1041. Forms 1040NR, 1041QFT, and 990T (when the exempt organization is a trust subject to tax on unrelated business taxable income under section 511(b)) also meet the definition of a return of income tax, but because these forms cannot be e-filed at this time it is anticipated that they will be exempt from the requirement, and will not count towards the 11-return threshold.

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## What does *reasonably expect* to file mean?

When computing this number, start with your best estimate of the number of covered returns you reasonably expect to prepare (or if you are a member of a firm, the firm reasonably expects to prepare) in the upcoming calendar year. Subtract the number of returns that you reasonably expect your clients (or the firm reasonably expects its clients) will choose to have completed in paper format and will themselves file with the IRS. You may also subtract the number of returns that you expect not to be able to e-file for various reasons, e.g., a form not accepted in IRS e-file. The balance is your reasonable filing expectation.

## When is an income tax return considered filed by a tax return preparer?

A return is considered filed by a tax return preparer or specified tax return preparer if the preparer or any member, employee, or agent of the preparer or the preparer's firm submits the tax return to the IRS on the taxpayer's behalf, either electronically or in non-electronic (paper) form. For example, the act of submission includes the preparer or a member of the preparer's firm dropping the return in the mailbox for the taxpayer.

## I am a member of a firm. How do the rules apply?

The rules require firms to compute the number of covered returns, in the aggregate, they reasonably expect to file as a firm. If that number is 11 or more, then all members of the firm must e-file the returns they prepare and file. This is true even if a member prepares and files fewer than the threshold on an individual basis.

## In a firm, does each preparer need an EFIN?

No. E-file Identification Numbers are issued on a firm basis. All preparers in the firm are covered by one EFIN. This will not change. Note that a sole proprietorship is considered a firm for EFIN purposes.

## Does the requirement for 11 or more returns mean that every return must be e-filed?

Tax return preparers who reasonably expect to file, or whose firm reasonably expects to file, in the aggregate, 11 or more covered returns are specified tax return preparers and are required to e-file any return that the preparer files with the IRS. However, some returns may be filed on paper.

First, clients may choose to file on paper and preparers can honor that choice. Second, a specified tax return preparer may request a waiver by submitting Form 8944, *Preparer E-file Hardship Waiver Request*, if the specified tax return preparer believes complying with the requirement would cause an undue hardship. And third, some returns are impossible to e-file for various reasons and are therefore exempt from the e-file requirement, or the preparer belongs to a certain class of specified tax return preparer that qualifies for an administrative exemption.

Specified tax return preparers should identify the paper returns they prepare for any of the above reasons by completing Form 8948, *Preparer Explanation for Not Filing Electronically*, and attaching it to the paper returns.

## Does the requirement include payroll tax returns?

No, the requirement does not apply to payroll tax returns.

## How will taxpayers learn of this new law and how it applies to preparers?

Many taxpayers may not be aware of the new law and the requirements that apply to preparers. If a client wants to file on paper, preparers should explain the new law to the client. Preparers also are encouraged to explain the benefits of e-file. See below if a preparer's client chooses to have the return prepared and filed on paper.

## Can my clients choose not to e-file?

Yes. Even if you are a specified tax return preparer, your clients may independently choose to file on paper. Preparers should document each client's choice to file in paper format and keep a signed copy of the statement on file. See below for recommended language for this statement. Do not send the statement to the IRS or attach it to the client's tax return. Instead, attach Form 8948, *Preparer Explanation for Not Filing Electronically*, to your client's paper return and check box 1. Include your PTIN on each tax return where requested.

## What is the recommended language for documenting a taxpayer's choice to file on paper?

*My tax return preparer [INSERT PREPARER'S NAME] has informed me that s/he may be required to electronically file my [INSERT TAX YEAR] income tax return [INSERT TYPE OF RETURN: Form 1040, Form 1040A, Form 1040EZ, Form 1041] if s/he files it with the IRS on my behalf. I do not want to file my return electronically and choose to file my return on paper forms. My preparer will not file my paper return with the IRS. I will file my paper return with the IRS myself. I was not influenced by [INSERT PREPARER'S NAME] or any member of his/her firm to sign this statement.*

## Can a specified tax return preparer request a waiver?

Yes, in certain situations. Submit Form 8944, *Preparer e-file Hardship Waiver Request*, to request a waiver. Waivers will be reviewed and approved in cases where the preparer demonstrates that complying would be an undue hardship. Approved waivers will be valid for one calendar year.

Do not attach the approved waiver letter to clients' returns. Instead, attach Form 8948, *Preparer Explanation for Not Filing Electronically*, to your clients' returns, check box 2 and enter the requested information. Include your PTIN on each tax return where requested. See Notice 2010-85.

## Some tax forms cannot be e-filed. What do we do about that? Also what about attachments such as basis statements?

It is anticipated that tax forms that cannot be e-filed will not have to be e-filed pursuant to an administrative exemption. Attachments that cannot be e-filed are also expected not to have to be e-filed.

If our software does not have the forms, the return should generate a severe diagnostic directing the client to paper file. If the client needs to attach additional attachments, use the PDF attachments available under **Organizer > E-file > Return > Attachments**.

It is expected that these returns will be e-filed if prepared and filed by a specified tax return preparer.

## I am already an Authorized IRS e-file Provider. Do I need to take any action?

You may. Since you are already enrolled to e-file, you do not have to do that again. If you do not e-file all of the returns you prepare and file, you must first determine whether you are a specified tax return preparer. If you are a specified tax return preparer, you are required to e-file the covered returns you prepare and file. There are certain exceptions (see above, Does the requirement for 11 or more returns mean that every return must be e-filed?). In those situations, you should attach Form 8948, *Preparer Explanation for Not Filing Electronically*, to those paper returns.

## I am a tax return preparer and a member of a recognized religious group that is conscientiously opposed to e-file. How do I comply with the law?

If you are a specified tax return preparer who is a member of a recognized religious group that is conscientiously opposed to preparing and e-filing a return, an administrative exemption is expected to be available for the returns you prepare. Attach Form 8948, *Preparer Explanation for Not Filing Electronically*, to your clients' returns and check box 3. Include your PTIN on each tax return where requested.

## I am a specified tax return preparer living and working abroad. I am not eligible for a Social Security number and cannot apply for IRS e-file. How do I comply with the law?

It is anticipated that foreign persons who cannot apply for IRS e-file and who are not members of firms that are eligible to e-file will be exempt from the e-file requirements pursuant to an administrative exemption in 2011. It is anticipated that to qualify for the exemption you must have applied for a PTIN and submitted Form 8946, *PTIN Supplemental Application for Foreign Persons Without a Social Security Number*.

Attach Form 8948, *Preparer Explanation for Not Filing Electronically*, to your clients' returns and check box 6a. Do not attach Form 8946 to the tax return or Form 8948. If you have received your PTIN, include it on each tax return where requested.

IRS expects to accept IRS e-file foreign preparers with PTINs who are not eligible for Social Security numbers.

# CHAPTER 4: ELECTIONS

## ELECTIONS - GENERAL GUIDELINES

The IRS reviewed all forms and form instructions to identify where taxpayers are required to attach supporting data. ***Wherever the supporting data is located in an election, the IRS has provided specific XML formats that must be used.***

The examples below are samples of elections required by form instructions:

| INSTRUCTIONS | ELECTION REQUIRED |
|---|---|
| Form 8697 | De Minimis Exception Election |
| Form 4562 | Election Not to Claim Special Depreciation Allowance |

The IRS has not reviewed all regulations and publications to identify every possible election. Rather than performing this analysis and then defining specific schemas to match each of these elections, the IRS created a **General Dependency** schema.

The General Dependency schema is used for most disclosure statements and elections required by regulations or IRS publications. The General Dependency schema includes the following elements:

**Form Line or Instructions Reference (Optional)** Complete this field when the election is made based on information on IRS forms or form instructions, and the IRS has not defined a specific format.

**Regulation Reference (Optional)** Use this field to identify information for elections made based on information contained in regulations or publications.

**Description (Optional)** Use this field to enter a brief explanation of the election.

**Attachment Information (Optional)** Use this field to include additional information or to reference PDF attachments.

The current IRS schema definitions do not support information entered in a columnar format. For elections requiring columnar format, the IRS allows these to be included in the return as PDF attachments. Separate PDF files must be created for each election, and the regulation reference should be used in the name of the PDF file.

# EXAMPLES OF ELECTION FORMATS

The examples below illustrate how elections can be formatted:

**Election Not Containing Columnar Data** Election data not containing columnar data must be reported using the IRS-defined schema for that election. If no schema has been defined, then the General Dependency schema must be used.

**Regulation Reference** IRC Section 172(b)(3)

**Description** Election to Forego Net Operating Loss Carryback

**Attachment Information** Pursuant to IRC Sec. 172(b)(3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss incurred in this tax year ended December 31, 2020.

**Election That Contains Columnar Data** Elections that require columnar data may be attached as PDF files. Separate PDF files must be created for each election. Use the regulation reference to create the name of the PDF file.

**PDF Details** IRS Section 195(b) Election to Amortize Start-Up Expenditures

**Taxpayer Name** John Smith

**Taxpayer ID Number** 123-45-6789

**Year-end** December 31, 2020

In accordance with IRC Sec. 195, taxpayer hereby elects to amortize all start-up expenditures over a period of 60 months beginning with July 1, 2020, which is the month that the active trade or business began.

The start-up expenses incurred are:

| DESCRIPTION OF EXPENSE | DATE | AMOUNT |
|---|---|---|
| Attorney Fees | 02/01/2020 | $321,654 |
| Accounting Fees | 03/17/2020 | $34,908 |

**Elections That Require Supporting Data** Some disclosure statements and/or elections require supporting data that cannot be entered into the General Dependency schema (that is, meeting notes, etc.). The IRS allows this type of supporting data to be attached to the General Dependency schema as a PDF file. The actual disclosure statement and/or election must be entered into the required format, and only the supporting data may be submitted as a PDF file.

# USING THE APPLICATION

The application provides several methods for entering federal tax elections. Each method for entering elections can be completed in **Organizer > Federal Tax Elections**.

## Predefined Elections

Many elections are included in the Organizer where you can simply choose those that may be applicable to the return. These elections are included in the XML file using the General Dependency schema. For example, the IRC §43(e) election is found in **Organizer > Federal Tax Elections > Predefined Elections > Code Selection 43 - 170 > Sec 43(e)**.
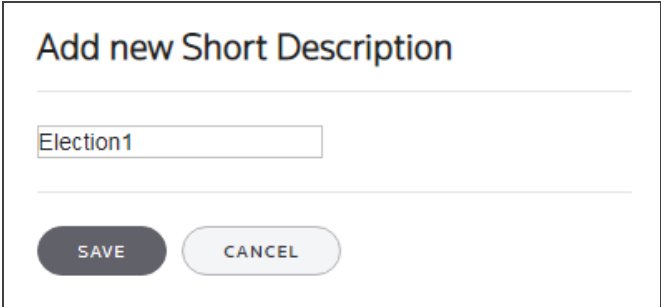


**Figure 4:1**

# Account-defined Elections

You have the ability to set up your own elections in the Tax Defaults. These elections are displayed within **Organizer > Federal Tax Elections > Account Defined Elections** when you open your return. You can then select those elections that might apply to this return. Modifications can be made to these elections, but Account Defined elections cannot be added within the return.
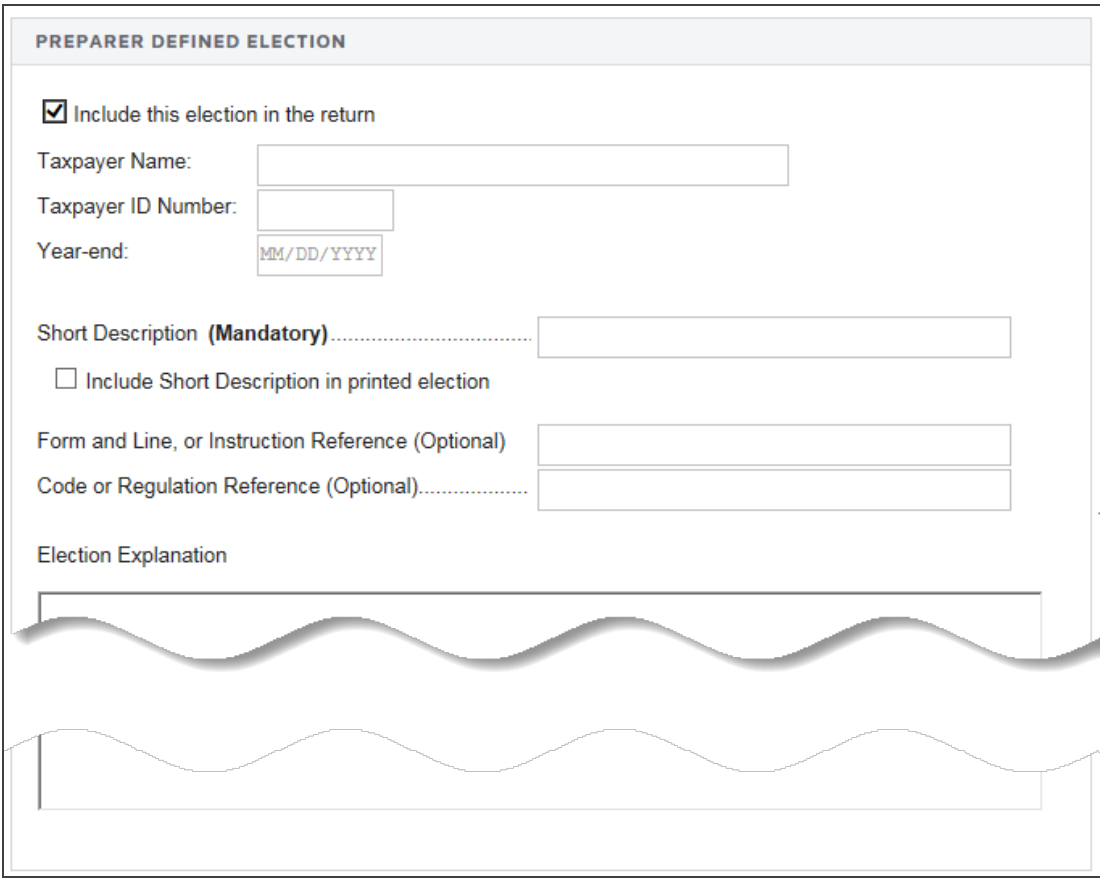


**Figure 4:2**

# Preparer-defined Elections

You can add your own return-specific elections using the **Preparer-Defined Elections** screen by entering a new Short Description.

**Add new Short Description**

Election1

SAVE　　CANCEL

**Figure 4:3**

These elections are included in the XML File using the General Dependency schema.

**PREPARER DEFINED ELECTION**

☑ Include this election in the return

Taxpayer Name:

Taxpayer ID Number:

Year-end:　MM/DD/YYYY

Short Description **(Mandatory)** .................................

☐ Include Short Description in printed election

Form and Line, or Instruction Reference (Optional)

Code or Regulation Reference (Optional)...................

Election Explanation

**Figure 4:4**

For any other elections that are not included in one of the above categories, you can use Return Footnotes.

# CHAPTER 5: USING THE E-FILE SPREADSHEETS

The e-file spreadsheet, located at **E-file > Enable/Create**, is the control center for e-file in the 1041 application. Each jurisdiction is located on its own row, and the columns allow you to select options or enter information.

There are five tabs on the spreadsheet, each with its own columns:

- **Return Spreadsheet Tab (page 21)**

- **Return - 990-T Spreadsheet Tab (page 22)**

- **Extension Spreadsheet Tab (page 24)**

- **Form 8868 Extension Tab (page 25)**

- **Estimates Spreadsheet Tab (page 27)**



**Figure 5:1**

# RETURN SPREADSHEET TAB

**Create Return E-files** Clicking this button creates the e-file and identifies if there are any reject diagnostics or validation errors. The e-file status and XML information is then displayed.

**Enable** Selecting this check box is *mandatory* to create an e-file, to generate reject diagnostics, and to identify validation issues. By default, this check box is selected for each jurisdiction.

**Suspend** Check the **Suspend** box to prevent qualified e-files from being displayed as returns that can be submitted.

**EFIN** The Electronic Filing Identification Number is a six-digit number issued to the Electronic Return Originator by the IRS to identify the entity as one that has been approved as an Authorized IRS e-file Provider.

**E-file Status** The e-file status displays after an e-file is created. The status displays whether the e-file was created successfully, qualified to be submitted for e-file, and/or not qualified because of reject diagnostics or validation errors.



| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | Create Return E-files | ENABLE | SUSPEND | EFIN | E-FILE STATUS |
| 2 | ENABLE/DISABLE ALL | ☑ | N/A | N/A | N/A |
| 3 | FEDERAL | ☑ | ☐ | 123456 | |

**Figure 5:2**

**Date/Time E-file Created** The time stamp of the last e-file created is displayed.

**Number of Reject Diagnostics** The number of reject diagnostics existing when the latest e-file created is displayed.

**Number of Validation Errors** The number of validation errors existing when the latest e-file created is displayed.

**Originator Type** The Originator type carries from the federal Organizer: ERO, Reporting Agent, IRS Agent, Financial Agent.

**Print Signature Authorization Worksheet** For states that do not have a signature form, check this box to print a Signature Authorization Worksheet. Selections are: Form 8879-F - Practitioner PIN (Default), Form 8453-FE, Scanned Signature Document.

| | A | F | G | H | I | J |
|---|---|---|---|---|---|---|
| | Create Return E-files | DATE/TIME E-FILE CREATED | NUMBER OF REJECT DIAGNOSTICS | NUMBER OF VALIDATION ERRORS | ORIGNATOR TYPE | PRINT SIGNATURE AUTHORIZATION WORKSHEET |
| 2 | ENABLE/DISABLE ALL | N/A | N/A | N/A | N/A | N/A |
| 3 | FEDERAL | | | | ERO | Form 8879-F - Practitioner PIN (Default) |

**Figure 5:3**

**XML File Name** The name of the XML file includes the locator number, preceded by an alpha character, and is followed by the tax year indicator. The file extension is unique for each state/city and file type.

**Direct Debit or Direct Deposit** With direct debit information entered and authorized in **General Information > Bank Information**, the **Direct Debit Indicator** shows *Yes* after the e-file is created. For states, the direct debit information entered and authorized in **States > Common State > Bank Information** shows *Yes* after the e-file is created.

**Debit or Deposit Amount** Amount to be debited (if owing) or deposited (if refunded).

**Paper File** When checked, the return/extension will be paper-filed.

**Delete E-file** The **Delete** button deletes the existing XML file for that jurisdiction. The **Enable** check box must remain checked before you click the **Delete** button. The **E-file Status** changes to indicate that the XML file has been deleted.

| | A | K | L | M | N | O |
|---|---|---|---|---|---|---|
| 1 | Create Return E-files | XML FILE NAME | DIRECT DEBIT OR DIRECT DEPOSIT | DEBIT OR DEPOSIT AMOUNT | PAPER FILE | DELETE E-FILE |
| 2 | ENABLE/DISABLE ALL | N/A | N/A | N/A | N/A | N/A |
| 3 | FEDERAL | F1466JD0.XML | | | ☐ | Delete |
| 4 | FINCEN 114 | | N/A | N/A | N/A | Delete |

**Figure 5:4**

# RETURN - 990-T SPREADSHEET TAB

**Create 990-T Return E-files** Clicking this button creates the e-file and identifies if there are any reject diagnostics or validation errors. The e-file status and XML information is then displayed.

**Enable** Selecting this check box is *mandatory* to create an e-file, to generate reject diagnostics, and to identify validation issues. By default, this check box is selected for each jurisdiction.

**Suspend** Check the **Suspend** box to prevent qualified e-files from being displayed as returns that can be submitted.

**E-file Status** The e-file status displays after an e-file is created. The status displays whether the e-file was created successfully, qualified to be submitted for e-file, and/or not qualified because of reject diagnostics or validation errors.



| | A | B | C | D |
|---|---|---|---|---|
| 1 | Create 990-T Return E-files | ENABLE | SUSPEND | E-FILE STATUS |
| 2 | FEDERAL 990-T | ☑ | ☐ | |

**Figure 5:5**

**Date/Time E-file Created** The time stamp of the last e-file created is displayed.

**Number of Reject Diagnostics** The number of reject diagnostics existing when the latest e-file created is displayed.

**Number of Validation Errors** The number of validation errors existing when the latest e-file created is displayed.

**XML File Name** The name of the XML file includes the locator number, preceded by an alpha character, and is followed by the tax year indicator. The file extension is unique for each state/city and file type.

**Direct Debit or Direct Deposit** With direct debit information entered and authorized in **General Information > Bank Information**, the **Direct Debit Indicator** shows *Yes* after the e-file is created. For states, the direct debit information entered and authorized in **States > Common State > Bank Information** shows *Yes* after the e-file is created.

**Debit or Deposit Amount** Amount to be debited (if owing) or deposited (if refunded).

**Delete E-file** The **Delete** button deletes the existing XML file for that jurisdiction. The **Enable** check box must remain checked before you click the **Delete** button. The **E-file Status** changes to indicate that the XML file has been deleted.

**Figure 5:6**

# EXTENSION SPREADSHEET TAB

**Create Extension E-files** Clicking this button creates the e-file and identifies if there are any reject diagnostics or validation errors. The e-file status and XML information is then displayed.

**Enable** Selecting this check box is *mandatory* to create an e-file, to generate reject diagnostics, and to identify validation issues. By default, this check box is selected for each jurisdiction.

**Suspend** Check the **Suspend** box to prevent qualified e-files from being displayed as returns that can be submitted.

**EFIN** The Electronic Filing Identification Number is a six-digit number issued to the Electronic Return Originator by the IRS to identify the entity as one that has been approved as an Authorized IRS e-file Provider.

**E-file Status** The e-file status displays after an e-file is created. The status displays whether the e-file was created successfully, qualified to be submitted for e-file, and/or not qualified because of reject diagnostics or validation errors.

**Date/Time E-file Created** The time stamp of the last e-file created is displayed.



**Figure 5:7**

**Number of Reject Diagnostics** The number of reject diagnostics existing when the latest e-file created is displayed.

**Number of Validation Errors** The number of validation errors existing when the latest e-file created is displayed.

**Originator Type** The Originator type carries from the federal Organizer: ERO, Reporting Agent, IRS Agent, Financial Agent.

**Print Signature Authorization Worksheet** For states that do not have a signature form, check this box to print a Signature Authorization Worksheet.

**XML File Name** The name of the XML file includes the locator number, preceded by an alpha character, and is followed by the tax year indicator. The file extension is unique for each state/city and file type.

**Direct Debit or Direct Deposit** With direct debit information entered and authorized in **General Information > Bank Information**, the **Direct Debit Indicator** shows *Yes* after the e-file is created. For states, the direct debit information entered and authorized in **States > Common State > Bank Information** shows *Yes* after the e-file is created.

**Delete E-file** The **Delete** button deletes the existing XML file for that jurisdiction. The **Enable** check box must remain checked before you click the **Delete** button. The **E-file Status** changes to indicate that the XML file has been deleted.

| | A | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|
| 1 | Create Extension E-files | NUMBER OF REJECT DIAGNOSTICS | NUMBER OF VALIDATION ERRORS | ORIGNATOR TYPE | PRINT SIGNATURE AUTHORIZATION WORKSHEET | XML FILE NAME | DIRECT DEBIT INDICATOR | DELETE E-FILE |
| 2 | ENABLE/DISABLE ALL | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3 | FEDERAL FORM 7004 | | | ERO | N/A | | No | Delete |

**Figure 5:8**

# FORM 8868 EXTENSION TAB

**Create Extension E-files** Clicking this button creates the e-file and identifies if there are any reject diagnostics or validation errors. The e-file status and XML information is then displayed.

**Enable** Selecting this check box is *mandatory* to create an e-file, to generate reject diagnostics, and to identify validation issues. By default, this check box is selected for each jurisdiction.

**Suspend** Check the **Suspend** box to prevent qualified e-files from being displayed as returns that can be submitted.

**EFIN** The Electronic Filing Identification Number is a six-digit number issued to the Electronic Return Originator by the IRS to identify the entity as one that has been approved as an Authorized IRS e-file Provider.

**E-file Status** The e-file status displays after an e-file is created. The status displays whether the e-file was created successfully, qualified to be submitted for e-file, and/or not qualified because of reject diagnostics or validation errors.

**Date/Time E-file Created** The time stamp of the last e-file created is displayed.

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | Create Extension E-file | ENABLE | SUSPEND | EFIN | E-FILE STATUS | DATE/TIME E-FILE CREATED |
| 2 | FEDERAL FORM 8868 EXTENSION | ☑ | ☐ | 123456 | | |

**Figure 5:9**

**Number of Reject Diagnostics** The number of reject diagnostics existing when the latest e-file created is displayed.

**Number of Validation Errors** The number of validation errors existing when the latest e-file created is displayed.

**Originator Type** The Originator type carries from the federal Organizer: ERO, Reporting Agent, IRS Agent, Financial Agent.

**Print Signature Authorization Worksheet** For states that do not have a signature form, check this box to print a Signature Authorization Worksheet.

| | A | G | H | I | J |
|---|---|---|---|---|---|
| 1 | Create Extension E-file | NUMBER OF REJECT DIAGNOSTICS | NUMBER OF VALIDATION ERRORS | ORIGNATOR TYPE | PRINT SIGNATURE AUTHORIZATION WORKSHEET |
| 2 | FEDERAL FORM 8868 EXTENSION | | | ERO | N/A |

**Figure 5:10**

**XML File Name** The name of the XML file includes the locator number, preceded by an alpha character, and is followed by the tax year indicator. The file extension is unique for each state/city and file type.

**Direct Debit or Direct Deposit** With direct debit information entered and authorized in **General Information > Bank Information**, the **Direct Debit Indicator** shows *Yes* after the e-file is created. For states, the direct debit information entered and authorized in **States > Common State > Bank Information** shows *Yes* after the e-file is created.

**Delete E-file** The **Delete** button deletes the existing XML file for that jurisdiction. The **Enable** check box must remain checked before you click the **Delete** button. The **E-file Status** changes to indicate that the XML file has been deleted.



**Figure 5:11**

# ESTIMATES SPREADSHEET TAB

**Enable** Selecting this check box is *mandatory* to create an e-file, to generate reject diagnostics, and to identify validation issues. By default, this check box is selected for each jurisdiction.

**Suspend** Check the **Suspend** box to prevent qualified e-files from being displayed as returns that can be submitted.

**E-file Status** The e-file status displays after an e-file is created. The status displays whether the e-file was created successfully, qualified to be submitted for e-file, and/or not qualified because of reject diagnostics or validation errors.

**Date/Time E-file Created** The time stamp of the last e-file created is displayed.

| | B | C | D | E | F |
|---|---|---|---|---|---|
| A | CREATE | ENABLE | SUSPEND | E-FILE STATUS | DATE/TIME E-FILE CREATED |
| 2 FEDERAL | N/A | N/A | N/A | N/A | N/A |
| 3 1st Quarter | E-file with return - see help above | | | N/A | N/A |
| 4 2nd Quarter | E-file with return - see help above | | | N/A | N/A |
| 5 3rd Quarter | E-file with return - see help above | | | N/A | N/A |
| 6 4th Quarter | E-file with return - see help above | | | N/A | N/A |

**Figure 5:12**

**Number of Reject Diagnostics** The number of reject diagnostics existing when the latest e-file created is displayed.

**Number of Validation Errors** The number of validation errors existing when the latest e-file created is displayed.

**Originator Type** The Originator type carries from the federal Organizer: ERO, Reporting Agent, IRS Agent, Financial Agent.

**XML File Name** The name of the XML file includes the locator number, preceded by an alpha character, and is followed by the tax year indicator. The file extension is unique for each state/city and file type.

**XML File Size** The size of the latest XML file created.

**Direct Debit or Direct Deposit** With direct debit information entered and authorized in **General Information > Bank Information**, the **Direct Debit Indicator** shows *Yes* after the e-file is created. For states, the direct debit information entered and authorized in **States > Common State > Bank Information** shows *Yes* after the e-file is created.

| | G | H | I | J | K | L |
|---|---|---|---|---|---|---|
| A | NUMBER OF REJECT DIAGNOSTICS | NUMBER OF VALIDATION ERRORS | ORIGINATOR TYPE | XML FILE NAME | XML FILE SIZE | DIRECT DEBIT INDICATOR |
| 2 FEDERAL | N/A | N/A | N/A | N/A | N/A | N/A |
| 3 1st Quarter | N/A | N/A | N/A | N/A | N/A | N/A |
| 4 2nd Quarter | N/A | N/A | N/A | N/A | N/A | N/A |
| 5 3rd Quarter | N/A | N/A | N/A | N/A | N/A | N/A |
| 6 4th Quarter | N/A | N/A | N/A | N/A | N/A | N/A |

**Figure 5:13**

# CHAPTER 6: AGGREGATING XML FILES

International forms existing in other returns can be merged into the primary return XML file. The other return could have been prepared using third party software, or could be a GoSystem Tax or ONESOURCE return. All that is needed is a valid XML file from the other return.

This process aggregates (merges) parts of the third party XML file containing international forms with the primary return XML file. Other parts of the third party XML file are ignored.

## TYPES OF AGGREGATION

-

-

## AGGREGATING INTERNATIONAL FORMS FROM RETURNS CREATED WITH THIRD PARTY SOFTWARE

To aggregate XML files, attach the XML file of the other return to the primary return.

1. Within the primary return, in **Organizer > E-file > International > Third Party XML**, select the **Attach Third Party XML File** button on the **Third Party XML** screen.



**Figure 6:1**

2. On the **Electronic Filing Attachments** window, select **Add**.
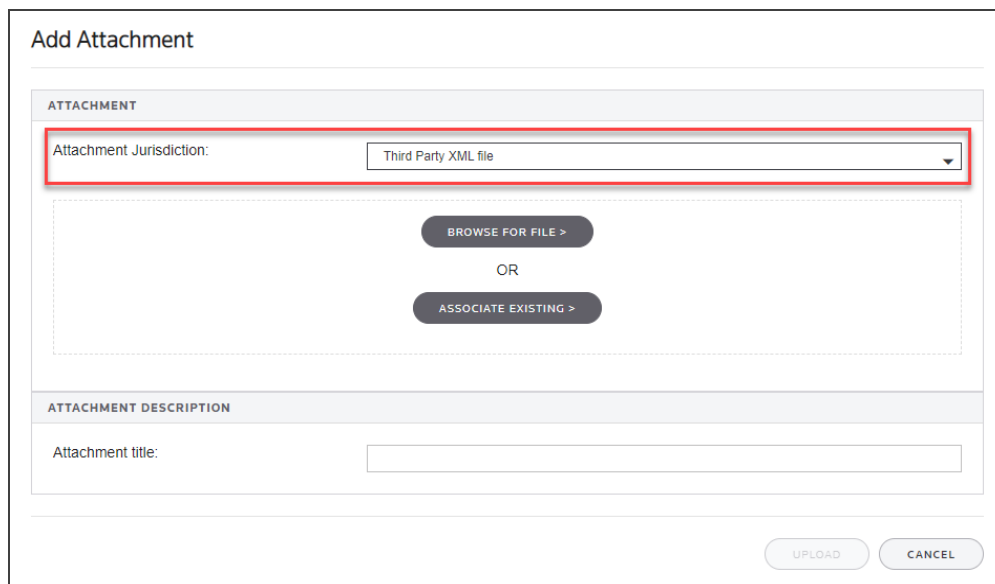


**Figure 6:2**

3. On the **Add Attachments** dialog box, select **Third-Party XML File** from the drop-down list, or you can click **Associate Existing** to find an existing file.



**Figure 6:3**

4. Select **Browse for File** and select the applicable XML file.



**Add Attachment**

ATTACHMENT

Attachment Jurisdiction:          Third Party XML file                                          ▼

BROWSE FOR FILE >

OR

ASSOCIATE EXISTING >

ATTACHMENT DESCRIPTION

Attachment title:

UPLOAD          CANCEL

**Figure 6:4**

5. Select **Upload** to attach the file.



**Figure 6:5**

6. Repeat this process for each XML file to be included. Select **Done** when finished.
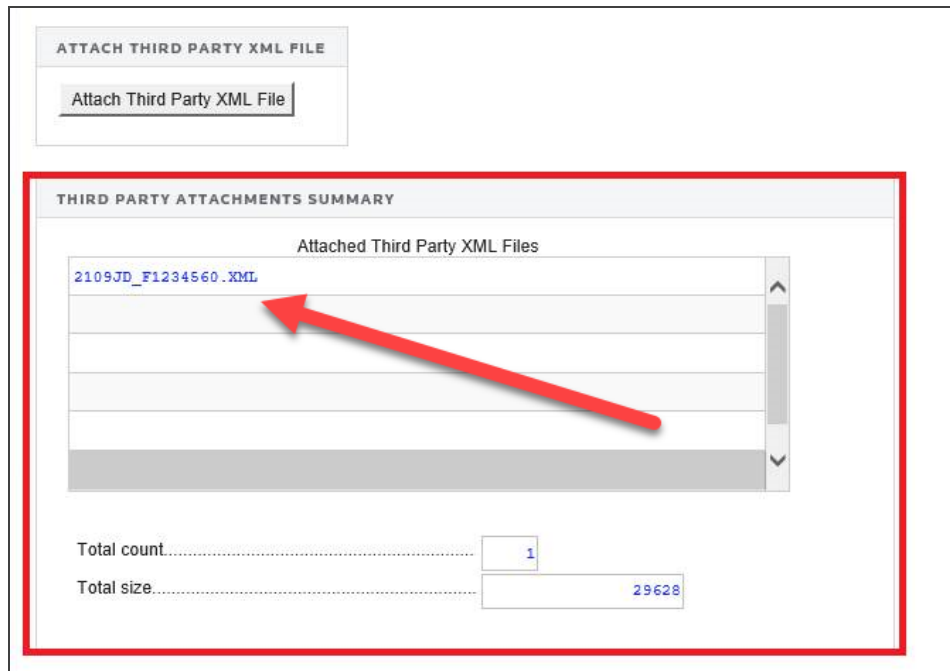
> To delete third party XML files, highlight the attachment on the **Electronic Filing Attachments** screen, and then select **Delete**.



**Figure 6:6**

7.  After attaching all the XML files, confirm that the XML attachment details are correct in the **Third Party Attachments Summary** on the **Third Party XML** screen.



**Figure 6:7**

The attached XML file names include the locator number of the primary return.

8.  The attached XML files must be validated to detect XML errors. Select the **Validate Third-Party XML File** button on the **Third Party XML** screen.



**Figure 6:8**

If validation errors exist:

1.  Delete the attachment.

2.  Use the third-party software to correct the error.

3.  Recreate a new XML file.

> The aggregation process cannot be completed if any third party XML files contain validation errors.

# COMPLETING THE AGGREGATED RETURN

**Step 1: Attach International XIT File**. To complete the e-file return:

1. In the Organizer, select **E-file > International > Thomson Reuters International File**.

2. Select the **Attach Thomson Reuters XIT File** button.
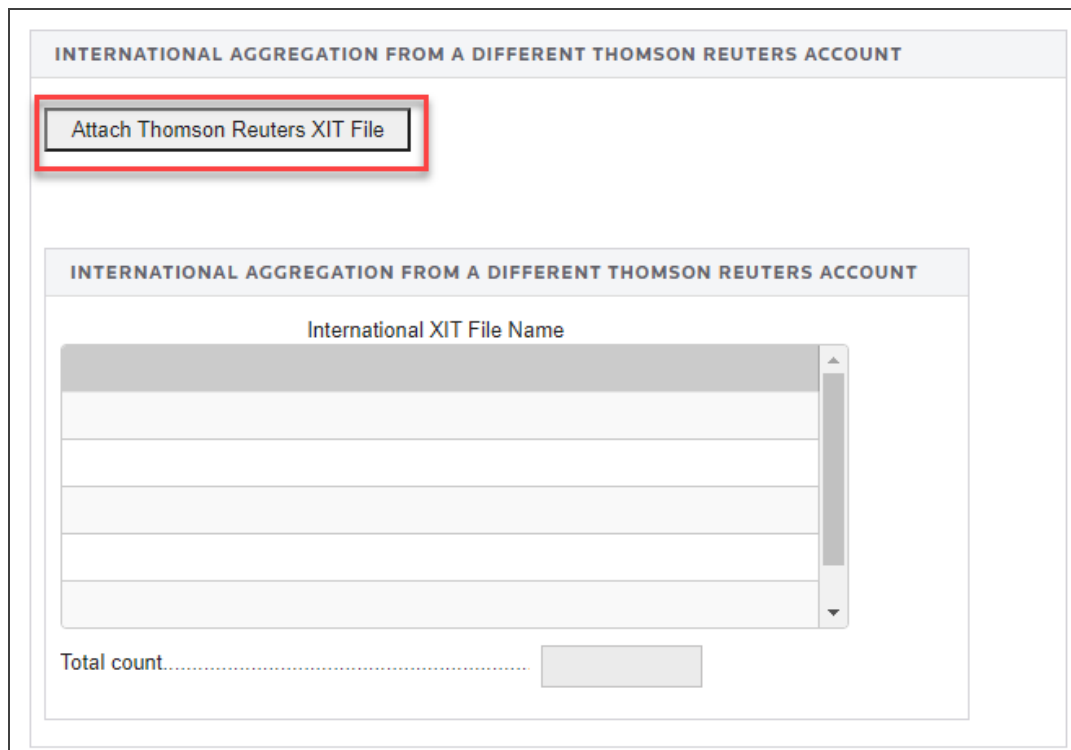
3. On the resulting **Electronic Filing Attachments** screen, select **Add**.

4. On the **Add Attachments** pop-up dialog box, select **International XML File** from the drop-down list, and then select **Next**.

5. Browse to and select the applicable XIT file.

6. On the **Electronic Filing Attachments** screen, select **Done**.

7. Repeat this process for each XIT file to be included.

8. After attaching the XIT files, confirm that the XIT attachment details are correct in the **International Aggregation** section at the bottom of the screen.

> The attached XIT file names include the locator number of the primary return.

**Step 2. Create Aggregated E-file**. This step combines the International XIT files into the XML file of the primary return.

On the **E-file > Enable/Create** screen, select the **Create Return E-files** button.

| | A | B | C | D | |
|---|---|---|---|---|---|
| | | *Refresh*   *Fullscreen* | | | |
| 1 | Create Return E-files | ENABLE | SUSPEND | EFIN | |
| 2 | ENABLE/DISABLE ALL | ☑ | N/A | N/A | |
| 3 | FEDERAL | ☑ | ☐ | | |
| 4 | FINCEN 114 | ☐ | ☐ | N/A | |

**Figure 6:10**

> In all cases, be sure to review the **E-file Viewer** to confirm the international forms are included in the complete XML file as expected.

# CHAPTER 7: PREPARING THE E-FILED RETURN

You must create a data file for every return you wish to e-file. The following are major tasks to create a data file:

1. **Enable e-file.** See **Enabling E-file (page 39)**.

2. **Enter PIN or signature information.** See **Entering Signature Information (page 41)**.

3. **Attach any necessary supporting documents in PDF format.** See **Entering Attachments (page 44)**.

4. **Enter any additional information.** See **Entering Additional Information (page 47)**.

5. **Check for e-file validation errors.** See **Checking for E-file Validation Errors (page 51)**.

6. **Review e-file diagnostics.** See **Reviewing E-file Diagnostics (page 52)**.

7. **Create an e-file for the return.** See **Creating the E-file (page 53)**.

8. **Send the *Qualified* e-file to the IRS.** See **Sending Qualified E-filed Returns to the IRS (page 55)**.

9. **Check the status of the e-filed return.** See **Checking the Status of the E-filed Return (page 57)**.

10. **View rejection notices.** See **Viewing Rejection Notices (page 59)**.

# ENABLING E-FILE

1. On the Organizer tab, select **E-file > Enable/Create**.
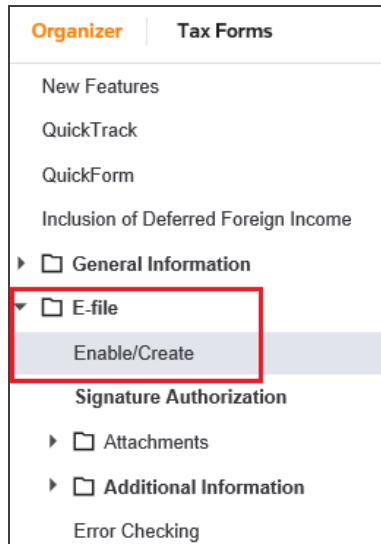


**Figure 7:1**

2. Select the **Return** tab on the spreadsheet.

3. For the federal return and each activated state, select the check box to **Enable** or **Suspend**.



**Figure 7:2**

4. Enter your firm's EFIN number (a six-digit number assigned by the Andover IRS service center after your Form 8633 application is approved) of the electronic return originator (the ERO is normally the paid preparer) in the **EFIN** field.

| | A | B | C | D |
|---|---|---|---|---|
| 1 | Create Return E-files | ENABLE | SUSPEND | EFIN |
| 2 | ENABLE/DISABLE ALL | ☑ | N/A | N/A |
| 3 | FEDERAL | ☑ | ☐ | 123456 |

**Figure 7:3**

5. Select the originator type: *ERO*, *Reporting Agent*, *IRS Agent*, or *Financial Agent*. The default is *None Selected*.

| | A | I | J |
|---|---|---|---|
| 1 | Create Return E-files | ORIGNATOR TYPE | PRINT SIGNATURE AUTHORIZATION WORKSHEET |
| 2 | ENABLE/DISABLE ALL | N/A | N/A |
| 3 | FEDERAL | ERO | Form 8879-F - Practitioner PIN (Default) |

**Figure 7:4**

6.  For the signature authorization worksheet for the federal return, select either *Form 8879-F - Practitioner PIN (Default)* or *Form 8453-FE - Scanned Signature document*.

| | A | J |
|---|---|---|
| 1 | Create Return E-files | PRINT SIGNATURE AUTHORIZATION WORKSHEET |
| 2 | ENABLE/DISABLE ALL | N/A |
| 3 | FEDERAL | Form 8879-F - Practitioner PIN (Default) |
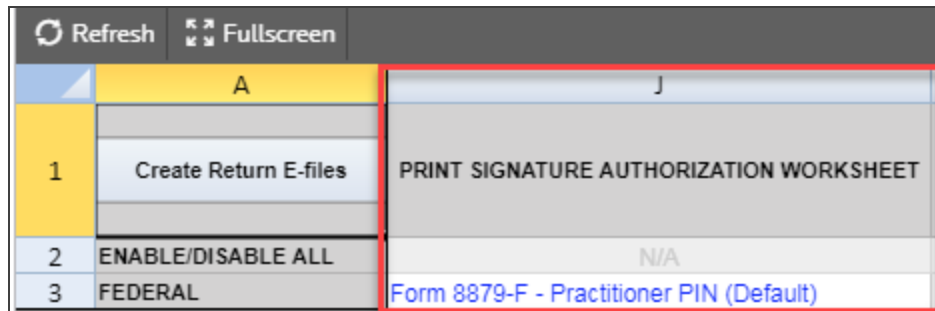
**Figure 7:5**

7.  For the signature authorization worksheet for each activated state, select either *Practitioner PIN (Default)* or *Form 8453-FE*.

# ENTERING SIGNATURE INFORMATION

Fiduciary federal tax returns e-filed by tax practitioners may be signed electronically using a Personal Identification Number (PIN). Tax practitioners may use either the Practitioner PIN method or Form 8453-FE to sign their clients' tax returns. This policy change simplifies the signature process and eliminates the need to mail signature documents to the IRS.

The Practitioner PIN method is an additional signature method for taxpayers who use an Electronic Return Originator (ERO) to sign their returns by using a five-digit PIN. The Practitioner PIN method does not require taxpayers to enter their adjusted gross income or PIN from the prior year. This method requires the taxpayer and Practitioner to sign Form 8879-F, *IRS E-file Signature Authorization*.

Tax practitioners will no longer submit a paper signature for e-filed returns by using Form 8453. Instead, a newly designed Form 8453-FE, *U.S. Estate or Trust Income Tax Declaration and Signature for Electronic Filing*, will be used to transmit supporting paper documents that are required to be submitted to the IRS with e-filed returns. Only the specified forms or supporting documents listed on Publication 1437, Section 3 can be submitted using the new form.

For more information on the Practitioner PIN method to electronically sign e-filed returns, visit the IRS web site at http://www.irs.gov/, and enter the keyword PIN, or see Publication 1437, Section 11.

# PIN Procedures

Enter a signature PIN. The taxpayer can choose a practitioner PIN/Signature Authorization.

1. Select **E-file > Signature Authorization**.

2. Select the type of PIN signature: *Form 8879F - Practitioner PIN* or *Form 8453-FE - scanned signature document*.



**Figure 7:6**

> If the return chooses Form 8453-FE as the signature, this form must be attached as a PDF attachment.

3. Select the appropriate option to indicate who entered the PIN into the program.

> If you select *Preparer* or *ERO,* Form 8879-F will print for the fiduciary to sign. The preparer must keep the signed Form 8879-F for three years. ***Do NOT send Form 8879-F to the IRS!***

4. For the fiduciary/officer PIN, you can select any or all of the following options:

   - randomly generate the fiduciary or officer PIN

   - use the first five numbers of the Firm Employer ID Number (FEIN) as the ERO PIN

   - print the fiduciary PIN on the signature line on Form 1041, Page 1.

5. Enter the five-digit PINs (the numbers cannot contain all zeros) for the fiduciary.

6.  Enter the date the PIN(s) were entered into the program.



**Figure 7:7**

# ENTERING ATTACHMENTS

1.  Select **E-file > Attachments > Summary**.
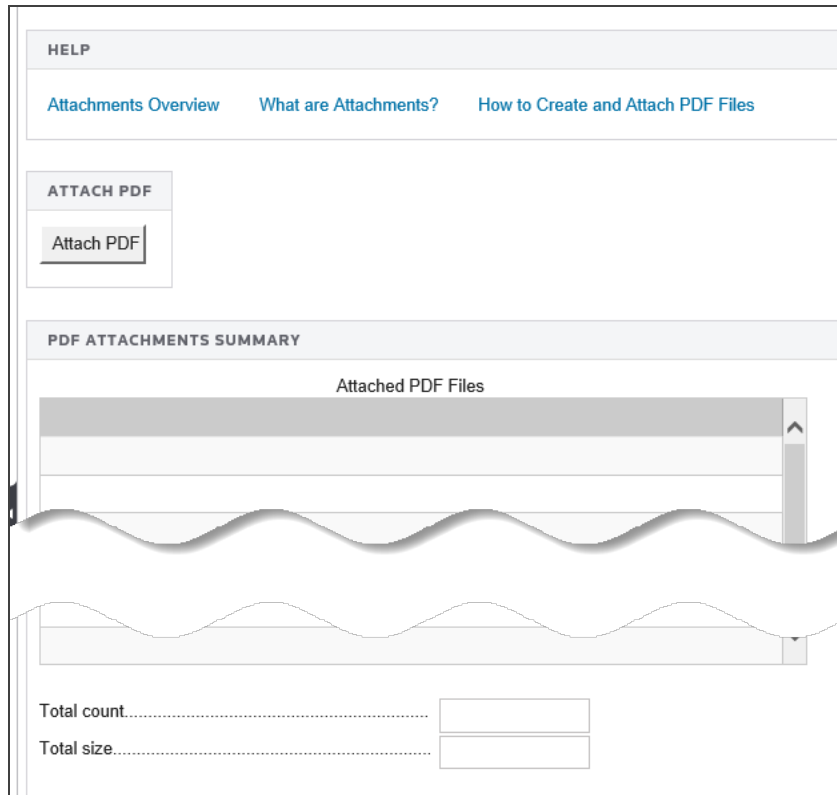
2. To attach a PDF, click the **Attach PDF** button. The following window appears:



**Figure 7:9**

3. Click **Add** to add a new attachment.

4.  Select the jurisdiction (or form) for which this attachment should apply.



**Add Attachment**

**ATTACHMENT**

Attachment Jurisdiction: Federal

BROWSE FOR FILE >

OR

ASSOCIATE EXISTING >

**ATTACHMENT DESCRIPTION**

⦿ Predefined description: Form 461
○ User defined description:

UPLOAD    CANCEL

**Figure 7:10**

5.  Browse to the desired PDF file, select the PDF file, and click **Open**. The next window will indicate the selected file.

6.  You must now select a meaningful title for the attachment. You can select one of the predefined titles, or enter your own user-defined title. The default user-defined title is the file name, without the extension. Once you have selected the title, click **Upload**.

7.  The selected PDF file now shows up on the **Electronic Filing Attachments** window, showing the selected **Jurisdiction**, **Description**, **File Name**, **Size**, and **Date Modified**.

8.  Click **Done** to complete the attachment.

9.  Review the PDF attachments included in the return on the **E-file > Attachments** Organizer screen.

# ENTERING ADDITIONAL INFORMATION

## Forms Included in E-file

1. Select **E-file > Additional Information > Forms Included in E-file**.

2. A list of the forms included in the return and/or extension appears.



**Figure 7:11**

# Business Name Control

1. Select **E-file > Additional Information > Business Name Control**.



**BNC Rule**

**BUSINESS NAME CONTROL**

System generated business name control...............MENR

Business name control (Override)..........................

Last name the deceased individual.........................

**Figure 7:12**

2. Override the system-generated business name control, if desired. If there is an individual's last name in the trust name, enter the last name first. If the return is a rollover from the prior year, the prior year's Business Name Control appears in the **Enter Business Name Control (Override)** field. If you do not agree with the automatically generated Business Name Control, enter the correct Business Name Control in the **Enter Business Name Control (Override)** field.

# E-file Opt Out: Preparer Explanation

1.  Select **E-file > Additional Information > E-file Opt Out > Preparer Explanation**.



FORM 8948 PREPARER EXPLANATION FOR NOT E-FILING

PRINT OPTIONS

☐ Force print Form 8948 when federal return not e-filed
☐ Suppress print Form 8948

PREPARER EXPLANATION FOR E-FILE OPT OUT

☐ Taxpayer chooses to file this return on paper (taxpayer statement generated)
☐ Member of a recognized religious group that is opposed to filing electronically
☐ Received waiver
    Waiver reference number.................................
    Approval letter date.......................................  MM/DD/YYYY
☐ Return rejected and the reject condition could not be resolved
    Reject code.....................................................
    Number of attempts to resolve reject...............
☐ Software package does not support form
    Unsupported form..........................................
    Unsupported schedule.....................................

ADDITIONAL EXPLANATIONS

☐ IRS e-file does not accept foreign preparers without SSN that live and work abroad
☐ Ineligible to e-file due to an IRS sanction
☐ Other, provide detail

**Figure 7:13**

2.  Enter information for the Form 8948 *Preparer Explanation for Not E-filing*.

3.  If desired, select the option to force print Form 8948.

4.  If desired, select the option to suppress print of Form 8948.

5.  Indicate if the taxpayer chose to file this return on paper. The taxpayer, not the preparer, will send the paper return to the IRS. If this option is selected, we will automatically print a Taxpayer Statement for this.

6. Indicate if the preparer is a member of a recognized religious group that is conscientiously opposed to e-file.

7. Indicate if the preparer received a waiver from the requirement to e-file. If so, enter the waiver reference number and the date of the approval letter.

8. Indicate if the return was rejected by the IRS and the reject condition cannot be resolved. If so, enter the reject code and the number of attempts made to resolve the reject.

9. Indicate if the preparer's e-file software does not support Form [fill in the blank] or Schedule [fill in the blank].

10. Indicate if the preparer is ineligible to e-file because the IRS does not accept foreign preparers who live and work abroad if they do not have Social Security numbers.

11. Indicate if the preparer is currently ineligible to e-file due to an IRS sanction.

12. If the reason is not listed above, select the option to indicate *Other*, and describe the circumstances that prevent the preparer from e-filing this return.

# E-file Opt Out: Taxpayer Statement

1. Select **E-file > Additional Information > E-file Opt Out > Taxpayer Statement**.

**TAXPAYER STATEMENT**

☐ Suppress software generated taxpayer statement shown below

My tax return preparer [INSERT PREPARER'S NAME] has informed me that he/she may be required to electronically file My [INSERT TAX YEAR] individual income tax return [INSERT TYPE OF RETURN: Form 1041)
if he/she files it with the IRS on my behalf (e.g.,submits it by mail to the IRS). I understand that Electronic filing may provide a number of benefits to taxpayers, including an acknowledgement that the IRS received the returns, a reduced chance of errors in processing the returns, and faster refunds. I do not want to have my return electronically filed, and I choose to file my return on paper forms. I will mail or otherwise submit my paper return to IRS myself. My preparer will not file or otherwise mail or submit my paper return to IRS.

**Figure 7:14**

2.   Indicate if you wish to suppress the following statement:

     *My [INSERT TAX YEAR] individual income tax return [INSERT TYPE OF RETURN: Form 1041)*

     *My tax return preparer [INSERT PREPARER'S NAME] has informed me that he/she may be required to electronically file if he/she files it with the IRS on my behalf (e.g., submits it by mail to the IRS). I understand that Electronic filing may provide a number of benefits to taxpayers, including an acknowledgment that the IRS received the returns, a reduced chance of errors in processing the returns, and faster refunds. I do not want to have my return electronically filed, and I choose to file my return on paper forms. I will mail or otherwise submit my paper return to IRS myself. My preparer will not file or otherwise mail or submit my paper return to IRS.*

# CHECKING FOR E-FILE VALIDATION ERRORS

1.   Select **E-file > Error Checking**.

2.   Click the **Generate Validation Error** button to view a list of validation errors.
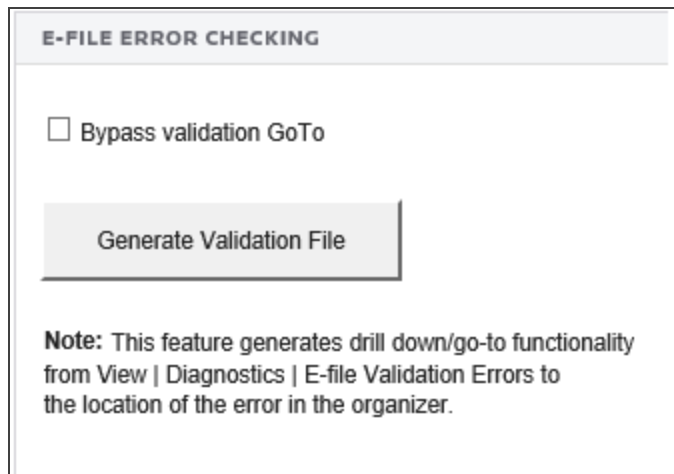


**Figure 7:15**

# REVIEWING E-FILE DIAGNOSTICS

Perform a full recompute of the locator, and make the necessary corrections:

1. Select **View > Diagnostics**. Select the **E-file** option.

**Figure 7:16**

2. Review the return information causing the diagnostic, and make any necessary changes to prevent the diagnostic from being regenerated during subsequent tax return computes.

3. Repeat the diagnostic review process for all e-file diagnostics existing on the locator.

> Some forms cannot be e-filed. When an extension requires an IRS form that cannot be e-filed, a corresponding e-file diagnostic is generated.

4. Perform a full recompute on the locator and review any new e-file diagnostics that may have been generated, modifying input as necessary. Repeat the data modification, compute, and review process until there are no e-file diagnostics listed for the locator. The application creates an e-file data file (to be filed with the IRS) only when no e-file diagnostics exist.

## Types of Diagnostics

**Alert Diagnostics**: These do not prevent the creation of a qualified e-file. You should still investigate the conditions causing the **Alert** diagnostics, as these may reveal input errors.

**Reject Diagnostics**: These diagnostics identify conditions in the return that will result in an IRS rejection for failure to meet IRS Business Rules. Reject diagnostics also identify many of the common conditions that may result in an XML validation error. You must correct the conditions generating a Reject diagnostic before you can generate a qualified e-file.

**XML Validation Errors**: Data that does not meet the strict schema formatting requirements of the IRS schemas result in XML validation errors. This will be indicated by the following message:

# CREATING THE E-FILE

After verifying that e-file diagnostics do not exist, create the e-file to send to the IRS by clicking the button on the Organizer screen.

Make sure that the file is generated as the last step before sending (after ALL changes have been made to the return). If not, incorrect information will be sent to the IRS.

1.  Go to **E-file > Enable/Create**.



**Figure 7:17**

2.  Click the **Create Return E-files** button. This button will create all e-files for federal and activated states with one click.

3.  Check the **E-file Status** column. If the file was created without any problem, the application shows a message in the column stating *XML file is created - Return is 'Qualified.'*

4.  If issues exist with the e-file, note the message in the **E-file Status** column. If you receive the message that *XML is created but NOT qualified - Diag needs to be cleared*, resolve the diagnostics as detailed in **Reviewing E-file Diagnostics (page 52)**.

5.  You may also receive this message if validation issues exist: *XML is created but NOT qualified - Please clear vali.errors.* See **Checking for E-file Validation Errors (page 51)**.

6.  Note the date/time of e-file creation, number of validation errors, XML file name, and direct debit indicator.

7. If, for some reason, you need to delete the e-file, click the **Delete** button in the **Delete E-file** column. This button deletes only the e-file, but does not delete any information on the return.



**Figure 7:18**

# Deleting an E-file

The **Delete** button deletes the existing XML file for that jurisdiction. To delete an e-file:

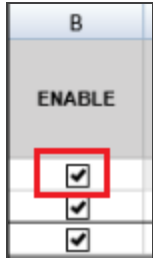1. Make sure the **Enable** check box is checked. *You cannot delete an e-file if this check box is blank!*



**Figure 7:19**

2. Click the **Delete** button in the **Delete E-file** column.



**Figure 7:20**

3.  The **E-file Status** changes to indicate that the XML file has been deleted.

    If you have clicked the **Delete** button and the **Enable** check box was blank, do the following:

    1.  Check the **Enable** check box.

    2.  Click the **Create Return E-files** button.

    > Create Return E-files
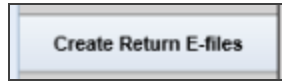
    **Figure 7:21**

    3.  Click the **Delete** button.

# SENDING QUALIFIED E-FILED RETURNS TO THE IRS

Each return that has been determined to be *Qualified* for e-file during the return compute process is a candidate for e-file. The e-file process requires you to select those *Qualified* returns that you wish to e-file and create e-file batches. This batching process will initiate a process which will send each locator's electronic tax return data to the IRS. Once filed, the IRS will send back an electronic status indicating whether the e-filed return has been *Accepted* or *Rejected*.

> In order to batch returns, you must have ELF ADMIN rights. If you do not have them, your firm administrator may assign these rights to you.

To create an e-file batch, follow the steps below:

1.  In RS Browser, select **Returns Processing > E-file > Select Returns**.

2.  Select an **Account**, Tax **Year**, and Tax **Type** *1041* from the drop-down lists.

3. Select the number of returns to display from the **Limit list size to** drop-down dialog box.

4. Select the **preparer**, **reviewer**, **manager**, and/or other **user group** to filter the list, plus any advanced sort criteria using the **Advanced** button.

5. Select *Return* as the return type.

6. Select whether the returns are *Federal Ready to Send* and/or *States/Cities ready to send: All States/Cities*.

7. Click **Continue**. A list of all returns matching the criteria you selected is created.

8. If you selected *Federal Ready to Send*:

   - You will see a list of locators where the federal return is ready to be sent.

   - You may select which returns you wish to send by checking the box in the **Select** column.

   - When you select a return, we assume that you want to send all returns that are ready.

   - After you made all your selections, click the **Submit for e-file** button.

9.  If you selected *States/Cities ready to send*:

    - You will see a list of locators where the state/city return is ready to be sent.

    - You may select which returns you wish to send by checking the box in the **Select** column.

    - When you select a return, we assume that you want to send all returns that are ready.

    - After you made all your selections, click the **Submit for e-file** button.

After completing this procedure, your returns will be processed and sent to the IRS.

The processing status of these locators on the **E-file Status Report** will show as *Awaiting Acknowledgment* until the return has either been *Accepted* or *Rejected* by the appropriate taxing authority.

# CHECKING THE STATUS OF THE E-FILED RETURN

Once the return is e-filed, Thomson Reuters receives an acknowledgment from the IRS that the return was filed.

To view the processing status for all returns (to find out if Thomson Reuters has received the acknowledgment) perform the following steps:

1.  Select **Returns Processing > E-file > Status Report**.

2.  Select an **Account**, Tax **Year**, and Return **Type** *1041* from the drop-down lists.

3.  Select the number of returns to display from the **Limit list size to** drop-down dialog box.

4.  Select the preparer, reviewer, manager, and/or other **user group** to filter the list.

5.  Select the e-file type: *regular*, *extension*, or *regular/extension*.

6.  Select the appropriate criteria for federal statuses, and click the **Continue** button.

**Figure 7:23**

7.  You will see a list of locators that meet the criteria selected on the **E-file Status** screen.

Should the IRS accept the e-filed tax return, the e-file status for the locator will show as *Accepted*. If this is the case, the relevant IRS acceptance information appears.

Although processing usually occurs within 24 hours, the IRS can take as long as 48 hours to process a return. If you have not received an acknowledgment of the return within 48 hours, call Thomson Reuters at 1-800-327-8829 to check the status of the return.

# VIEWING REJECTION NOTICES

Should the IRS reject the e-filed tax return or extension, the e-file status for the locator will show as *Rejected*. If this occurs, follow the steps below:

1.  From the **E-file Status Report** screen, click *Rejected* (the word *Rejected* will be a hyperlink) in the **Federal Status** column.

2.  The appropriate reject messages will be displayed.

3.  Select the **Print** button. (The Rejection Notice will be sent to your default printer.)

4.  Review the reason for the rejection as included on the printed Rejection Notice.

If the situation causing the rejection can be corrected, open the locator and modify the erroneous information, and then recreate the e-file and resubmit.

All extension e-files have five days (including weekends and holidays) for the perfection period.

# CHAPTER 8: PREPARING THE PAPER RETURN

Print the tax return. The tax application will generate forms that must be filed with the IRS and forms that are provided to the taxpayer as a record.

## FORM 8948

Form 8948 is the Preparer Explanation for Not Filing Electronically.

# CHAPTER 9: E-FILING THE FORM 7004 EXTENSION

The IRS has extended its e-file system to allow for e-file of Form 7004. This system:

- uses XML to format return data and transmit to IRS

- eliminates drains, processes transmission files, and provides acknowledgment files faster

- uses redesigned Business Rules (diagnostics)

- uses a standardized Acknowledgment File structure across all form types

- uses a Practitioner PIN for signatures.

E-file provides taxpayers the option to e-file extensions and pay tax obligations at the same time and also allows taxpayers to file extensions for calendar and fiscal year returns.

In order to e-file a federal extension, you must obtain an EFIN from the IRS by submitting Form 8633. To e-file a specific state, you must complete required state applications and/or registrations (if any).

Not all extensions qualify for e-file. Our e-file application generates appropriate diagnostics when it encounters a return that does not qualify for e-file and rejects the non-qualifying return.

## LIST OF ACCEPTED FORMS

The following forms and schedules are currently allowed and accepted by the IRS for e-file with Form 7004:

- Form 7004: Extension of Time to File

- Electronic Payment.

# STEPS TO E-FILING EXTENSIONS

1. Go to **Organizer > Payments and Extensions > Extension**, and select a print option.

2. Prepare the electronic part of the extension.

3. Prepare the paper part of the extension.

4. Create an e-file for the extension.

5. View and send qualified extensions to the IRS.

6. Verify acknowledgment of receipt by the IRS.

# PREPARING THE ELECTRONIC PART OF THE EXTENSION

You must create a data file for every locator you wish to e-file. The following major tasks to create a data file are detailed below:

- Ensure that the "Auto Compute" is activated.

- Enable e-file.

- Enter PIN information.

- Enter any additional information.

- Review e-file diagnostics.

- Create an e-file for the extension.

# ENABLING E-FILE FOR FORM 7004

1.  On the Organizer tab, select **E-file > Enable/Create**. Select the **Extension** tab.

**Figure 9:1**

2.  Check the box to enable e-file for the federal extension.

3.  Enter the EFIN (a six-digit number assigned by the Andover IRS service center).

4.  Select the originator type: *ERO*, *Reporting Agent*, *IRS Agent*, or *Financial Agent*. The default is *None Selected*.

# ENTERING SIGNATURE INFORMATION

If you are filing the extension with a payment, enter information on the **Signature Authorization** Organizer. Signature option details for Form 7004 are applicable only if you have selected the option to allow the IRS to withdraw funds using the entered bank account information on the **Bank Information** Organizer.

1.  Select **E-file > Signature Authorization**.

2.  Select the type of PIN signature: *Form 8879F - Practitioner PIN*.

3.  Select the appropriate option to indicate who entered the PIN into the program.

    > If you select *Preparer*, Form 8879-F will print for the fiduciary to sign. The preparer must keep the signed Form 8879-F for three years. ***Do NOT send Form 8879-F to the IRS!***

4.  For the fiduciary/officer PIN, you can select any or all of the following options:

    -   randomly generate the fiduciary or officer PIN

    -   use the first five numbers of the Firm Employer ID Number (FEIN) as the ERO PIN

    -   print the fiduciary PIN on the signature line on Form 1041, Page 1.

5.  Enter the five-digit PINs (the numbers cannot contain all zeros) for the fiduciary.

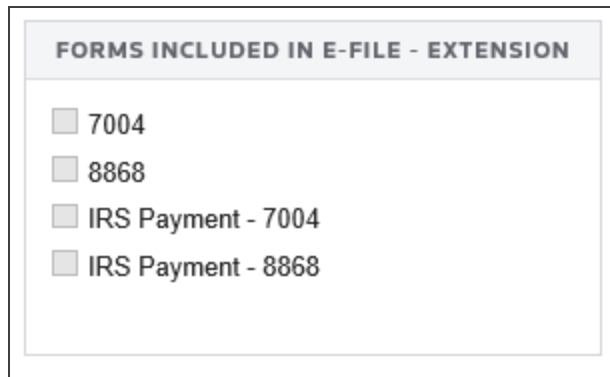6. Enter the date the PIN(s) were entered into the program.

**Figure 9:3**

# ENTERING ADDITIONAL INFORMATION

1. Select **E-file > Additional Information > Forms Included in E-file**.

**Figure 9:4**

2. A list of the forms included in the return and/or extension appears.

# CHECKING FOR E-FILE VALIDATION ERRORS

1.  Select **E-file > Error Checking**.

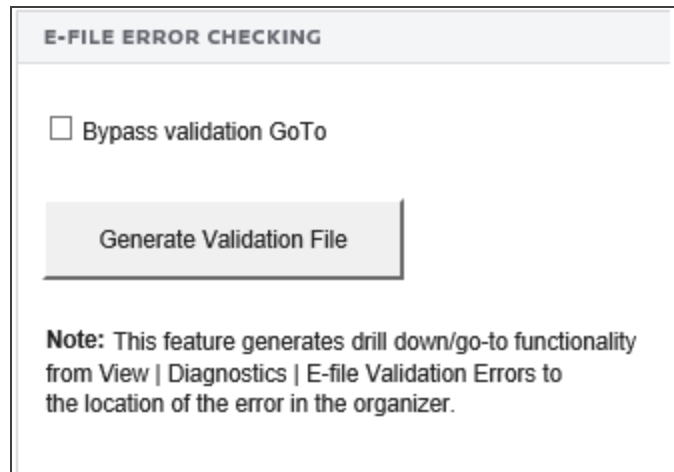2.  Click the **Generate Validation Error** button to view a list of validation errors.



**Figure 9:5**

# REVIEWING E-FILE DIAGNOSTICS

Perform a full recompute of the locator, and make the necessary corrections:

1. Select **View > Diagnostics**. Select the **E-file** option.

**Figure 9:6**

2. Review the return information causing the diagnostic, and make any necessary changes to prevent the diagnostic from being regenerated during subsequent tax return computes.

3. Repeat the diagnostic review process for all e-file diagnostics existing on the locator.

> Some forms cannot be e-filed. When an extension requires an IRS form that cannot be e-filed, a corresponding e-file diagnostic is generated.

4. Perform a full recompute on the locator and review any new e-file diagnostics that may have been generated, modifying input as necessary. Repeat the data modification, compute, and review process until there are no e-file diagnostics listed for the locator. The application creates an e-file data file (to be filed with the IRS) only when no e-file diagnostics exist.

# CREATING THE E-FILE FOR THE EXTENSION

After verifying that e-file diagnostics do not exist, create the electronic data file.

1. Go to **E-file > Enable/Create**, and select the **Extension** tab.

2. Click the **Create Extension E-files** button on this form.



**Figure 9:7**

3. Check the **E-file Status** column. If the file was created without any problem, the application shows a message in the column stating *XML file is created - Return is 'Qualified.'*

4. If issues exist with the e-file, note the message in the **E-file Status** column. If you receive the message that *XML is created but NOT qualified - Diag needs to be cleared*, resolve the diagnostics as detailed in **Reviewing E-file Diagnostics (page 67)**.

5. You may also receive this message if validation issues exist: *XML is created but NOT qualified - Please clear vali.errors*. Resolve the validation errors.

6. Note the date/time of e-file creation, number of validation errors, XML file name, and direct debit indicator.

7. If, for some reason, you need to delete the e-file, click the **Delete** button in the **Delete E-files** column. This button deletes only the e-file, but does not delete any information on the return.



**Figure 9:8**

# Deleting an E-file

The **Delete** button deletes the existing XML file for that jurisdiction. To delete an e-file:

1. Make sure the **Enable** check box is checked. *You cannot delete an e-file if this check box is blank!*



**Figure 9:9**

2.  Click the **Delete** button in the **Delete E-file** column.

**Figure 9:10**

3.  The **E-file Status** changes to indicate that the XML file has been deleted.

If you have clicked the **Delete** button and the **Enable** check box was blank, do the following:

1.  Check the **Enable** check box.

2.  Click the **Create Extension E-files** button.



**Figure 9:11**

3.  Click the **Delete** button.

# SENDING QUALIFIED EXTENSIONS TO THE IRS

Each extension that has been determined to be *Qualified* for e-file during the extension compute process is a candidate for e-file. The e-file process requires you to select those *Qualified* extensions that you wish to e-file and create e-file batches. This batching process will initiate a process which will send each locator's electronic tax extension data to the IRS. Once filed, the IRS will send back an electronic status indicating whether the e-filed extension has been *Accepted* or *Rejected*.

> In order to batch returns, you must have ELF ADMIN rights. If you do not have them, your firm administrator may assign these rights to you.

To create an e-file batch, follow the steps below:

1.  In RS Browser, select **Returns Processing > E-file > Select Returns**.

2.  Select an **Account**, Tax **Year**, and Tax **Type** *1041* from the drop-down list.

3.  Select the number of extensions to display from the **Limit list size to** drop-down dialog box.

4.  Select the **preparer**, **reviewer**, **manager**, and/or other **user group** to filter the list, plus any advanced sort criteria using the Advanced button.

5.  Select *All E-file Extensions* as the return type.



**Figure 9:12**

6.  Select whether the returns are *Federal Ready to Send* and/or *States/Cities ready to send: All States/Cities*.

7.  Click **Continue**. A list of all extensions matching the criteria you selected is created.

8.  If you selected *Federal Ready to Send*:

    - You will see a list of locators where the federal extension is ready to be sent.

    - You may select which extensions you wish to send by checking the box in the **Select** column.

    - When you select an extension, we assume that you want to send all extensions that are ready.

    - After you made all your selections, click the **Submit for e-file** button.

9.  If you selected *States/Cities ready to send*:

    - You will see a list of locators where the state/city extension is ready to be sent.

    - You may select which extensions you wish to send by checking the box in the **Select** column.

    - When you select an extension, we assume that you want to send all extensions that are ready.

    - After you made all your selections, click the **Submit for e-file** button.

After completing this procedure, your returns will be processed and sent to the IRS.

The processing status of these locators on the **E-file Status Report** will show as *Awaiting Acknowledgment* until the extension has either been *Accepted* or *Rejected* by the appropriate taxing authority.

# CHECKING THE STATUS OF THE E-FILED EXTENSION

Once the extension is e-filed, Thomson Reuters receives an acknowledgment from the IRS that the extension was filed.

To view the processing status for all extensions (to find out if Thomson Reuters has received the acknowledgment), perform the following steps:

1.  Select **Returns Processing > E-file > Status Report**.

2.  Select an **Account**, Tax **Year**, and Return **Type** *1041* from the drop-down list.

3.  Select the number of returns to display from the **Limit list size to** drop-down dialog box.

4.  Select the **preparer**, **reviewer**, **manager**, and/or other user **group** to filter the list.

5.  Select the e-file type: *regular*, *extension*, or *regular/extension*.

6.  Select the appropriate criteria for federal statuses, and click the **Continue** button.

**Figure 9:13**

7.  You will see a list of locators that meet the criteria selected on the **E-file Status** screen.

Should the IRS accept the e-filed tax extension, the e-file status for the locator will show as *Accepted*. If this is the case, the relevant IRS acceptance information appears.

Although processing usually occurs within 24 hours, the IRS can take as long as 48 hours to process a return. If you have not received an acknowledgment of the return within 48 hours, call Thomson Reuters at 1-800-327-8829 to check the status of the return.

# VIEWING REJECT NOTICES

Should the IRS reject the e-filed tax return or extension, the e-file status for the locator will show as *Rejected*. If this occurs, follow the steps below:

1.  From the **E-file Status Report** screen, click *Rejected* (the word *Rejected* will be a hyperlink) in the **Federal Status** column.

2.  The appropriate reject messages will be displayed.

3.  Select the **Print** button. (The Rejection Notice will be sent to your default printer.)

4.  Review the reason for the rejection as included on the printed Rejection Notice.

If the situation causing the rejection can be corrected, open the locator and modify the erroneous information, and then recreate the e-file and resubmit.

All extension e-files have five days (including weekends and holidays) for the perfection period.

# CHAPTER 10: E-FILING THE FORM 8868 EXTENSION

The IRS has extended its e-file system to allow for e-file of Form 8868. This system:

- uses XML to format return data and transmit to IRS

- eliminates drains, processes transmission files, and provides acknowledgment files faster

- uses redesigned Business Rules (diagnostics)

- uses a standardized Acknowledgment File structure across all form types

- uses a Practitioner PIN for signatures.

E-file provides taxpayers the option to e-file extensions and pay tax obligations at the same time and also allows taxpayers to file extensions for calendar and fiscal year returns.

In order to e-file a federal extension, you must obtain an EFIN from the IRS by submitting Form 8633. To e-file a specific state, you must complete required state applications and/or registrations (if any).

Not all extensions qualify for e-file. Our e-file application generates appropriate diagnostics when it encounters a return that does not qualify for e-file and rejects the non-qualifying return.

## LIST OF ACCEPTED FORMS

The following forms and schedules are currently allowed and accepted by the IRS for e-file with Form 8868:

- Form 8868: Extension of Time to File

- Electronic Payment.

# STEPS TO E-FILING EXTENSIONS

1. Go to **Organizer > Payments and Extensions > Extension**, and select a print option.

2. Prepare the electronic part of the extension.

3. Prepare the paper part of the extension.

4. Create an e-file for the extension.

5. View and send qualified extensions to the IRS.

6. Verify acknowledgment of receipt by the IRS.

# PREPARING THE ELECTRONIC PART OF THE EXTENSION

You must create a data file for every locator you wish to e-file. The following major tasks to create a data file are detailed below:

- Ensure that the "Auto Compute" is activated.

- Enable e-file.

- Enter PIN information.

- Enter any additional information.

- Review e-file diagnostics.

- Create an e-file for the extension.

# ENABLING E-FILE FOR FORM 8868

1. On the Organizer tab, select **E-file > Enable/Create**.

2. Select the **Form 8868 Extension** tab.



**Figure 10:1**

3. Check the box to enable e-file for the six-month federal extension.

4. Enter the EFIN (a six-digit number assigned by the Andover IRS service center).

5. Select the originator type: *ERO*, *Reporting Agent*, *IRS Agent*, or *Financial Agent*. The default is *None Selected*.

# ENTERING SIGNATURE INFORMATION

1.  Select **E-file > Signature Authorization**.

2.  Select the type of PIN signature: *Form 8879F - Practitioner PIN*.

**Figure 10:2**

3.  Select the appropriate option to indicate who entered the PIN into the program.

    > If you select *Preparer*, Form 8879-F will print for the fiduciary to sign. The preparer must keep the signed Form 8879-F for three years. ***Do NOT send Form 8879-F to the IRS!***

4.  For the fiduciary/officer PIN, you can select any or all of the following options:

    - randomly generate the fiduciary or officer PIN

    - use the first five numbers of the Firm Employer ID Number (FEIN) as the ERO PIN

    - print the fiduciary PIN on the signature line on Form 1041, Page 1.

5.  Enter the five-digit PINs (the numbers cannot contain all zeros) for the fiduciary.

6. Enter the date the PIN(s) were entered into the program.

**Figure 10:3**

# ENTERING ADDITIONAL INFORMATION

1. Select **E-file > Additional Information > Forms Included in E-file**.



**Figure 10:4**

2. A list of the forms included in the return and/or extension appears.

# CHECKING FOR E-FILE VALIDATION ERRORS

1. Select **E-file > Error Checking**.

2. Click the **Generate Validation Error** button to view a list of validation errors.



**Figure 10:5**

# REVIEWING E-FILE DIAGNOSTICS

Perform a full recompute of the locator, and make the necessary corrections:

1. Select **View > Diagnostics**. Select the **E-file** option.



**Figure 10:6**

2. Review the return information causing the diagnostic, and make any necessary changes to prevent the diagnostic from being regenerated during subsequent tax return computes.

3. Repeat the diagnostic review process for all e-file diagnostics existing on the locator.

   > Some forms cannot be e-filed. When an extension requires an IRS form that cannot be e-filed, a corresponding e-file diagnostic is generated.

4. Perform a full recompute on the locator and review any new e-file diagnostics that may have been generated, modifying input as necessary. Repeat the data modification, compute, and review process until there are no e-file diagnostics listed for the locator. The application creates an e-file data file (to be filed with the IRS) only when no e-file diagnostics exist.

# CREATING THE E-FILE FOR THE EXTENSION

After verifying that e-file diagnostics do not exist, create the electronic data file.

1. Go to **E-file > Enable/Create**.

2. Select the **Form 8868 Extension** tab.

3.  Click the **Create Extension E-file** button on this form.



**Figure 10:7**

4.  Check the **E-file Status** column. If the file was created without any problem, the application shows a message in the column stating *XML file is created - Return is 'Qualified.'*

5.  If issues exist with the e-file, note the message in the **E-file Status** column. If you receive the message that *XML is created but NOT qualified - Diag needs to be cleared*, resolve the diagnostics as detailed in **Reviewing E-file Diagnostics (page 81)**.

6.  You may also receive this message if validation issues exist: *XML is created but NOT qualified - Please clear vali.errors*. Resolve the validation errors.

7.  Note the date/time of e-file creation, number of validation errors, XML file name, and direct debit indicator.

8.  If, for some reason, you need to delete the e-file, click the **Delete** button in the **Delete E-files** column. This button deletes only the e-file, but does not delete any information on the return.



**Figure 10:8**

# Deleting an E-file

The **Delete** button deletes the existing XML file for that jurisdiction. To delete an e-file:

1. Make sure the **Enable** check box is checked. *You cannot delete an e-file if this check box is blank!*



**Figure 10:9**

2. Click the **Delete** button in the **Delete E-file** column.



**Figure 10:10**

3. The **E-file Status** changes to indicate that the XML file has been deleted.

If you have clicked the **Delete** button and the **Enable** check box was blank, do the following:

1. Check the **Enable** check box.

2. Click the **Create Extension E-files** button.



**Figure 10:11**

3. Click the **Delete** button.

# SENDING QUALIFIED EXTENSIONS TO THE IRS

Each extension that has been determined to be *Qualified* for e-file during the extension compute process is a candidate for e-file. The e-file process requires you to select those *Qualified* extensions that you wish to e-file and create e-file batches. This batching process will initiate a process which will send each locator's electronic tax extension data to the IRS. Once filed, the IRS will send back an electronic status indicating whether the e-filed extension has been *Accepted* or *Rejected*.

In order to batch returns, you must have ELF ADMIN rights. If you do not have them, your firm administrator may assign these rights to you.

To create an e-file batch, follow the steps below:

1.  In RS Browser, select **Returns Processing > E-file > Select Returns**.

2.  Select an **Account**, Tax **Year**, and Tax **Type** *1041* from the drop-down list.

3.  Select the number of extensions to display from the **Limit list size to** drop-down dialog box.

4.  Select the **preparer**, **reviewer**, **manager**, and/or other **user group** to filter the list, plus any advanced sort criteria using the Advanced button.

5.  Select *All E-file Extensions* as the return type.

6.  Select whether the returns are *Federal Ready to Send* and/or *States/Cities ready to send: All States/Cities*.

7.  Click **Continue**. A list of all extensions matching the criteria you selected is created.

8.  If you selected *Federal Ready to Send*:

    -   You will see a list of locators where the federal extension is ready to be sent.

    -   You may select which extensions you wish to send by checking the box in the **Select** column.

    -   When you select an extension, we assume that you want to send all extensions that are ready.

    -   After you made all your selections, click the **Submit for e-file** button.

9.   If you selected *States/Cities ready to send*:

- You will see a list of locators where the state/city extension is ready to be sent.

- You may select which extensions you wish to send by checking the box in the **Select** column.

- When you select an extension, we assume that you want to send all extensions that are ready.

- After you made all your selections, click the **Submit for e-file** button.

After completing this procedure, your returns will be processed and sent to the IRS.

The processing status of these locators on the **E-file Status Report** will show as *Awaiting Acknowledgment* until the extension has either been *Accepted* or *Rejected* by the appropriate taxing authority.

# CHECKING THE STATUS OF THE E-FILED EXTENSION

Once the extension is e-filed, Thomson Reuters receives an acknowledgment from the IRS that the extension was filed.

To view the processing status for all extensions (to find out if Thomson Reuters has received the acknowledgment), perform the following steps:

1.   Select **Returns Processing > E-file > Status Report**.

2.   Select an **Account**, Tax **Year**, and Return **Type** *1041* from the drop-down list.

3.   Select the number of returns to display from the **Limit list size to** drop-down dialog box.

4.   Select the **preparer**, **reviewer**, **manager**, and/or other user **group** to filter the list.

5.   Select the e-file type: *regular*, *extension*, or *regular/extension*.

6.  Select the appropriate criteria for federal statuses, and click the **Continue** button.



**Figure 10:13**

7.  You will see a list of locators that meet the criteria selected on the **E-file Status** screen.

Should the IRS accept the e-filed tax extension, the e-file status for the locator will show as *Accepted*. If this is the case, the relevant IRS acceptance information appears.

Although processing usually occurs within 24 hours, the IRS can take as long as 48 hours to process a return. If you have not received an acknowledgment of the return within 48 hours, call Thomson Reuters at 1-800-327-8829 to check the status of the return.

# VIEWING REJECT NOTICES

Should the IRS reject the e-filed tax return or extension, the e-file status for the locator will show as *Rejected*. If this occurs, follow the steps below:

1. From the **E-file Status Report** screen, click *Rejected* (the word *Rejected* will be a hyperlink) in the **Federal Status** column.

2. The appropriate reject messages will be displayed.

3. Select the **Print** button. (The Rejection Notice will be sent to your default printer.)

4. Review the reason for the rejection as included on the printed Rejection Notice.

If the situation causing the rejection can be corrected, open the locator and modify the erroneous information, and then recreate the e-file and resubmit.

All extension e-files have five days (including weekends and holidays) for the perfection period.

# CHAPTER 11: APPENDICES

## APPENDIX A - ACCEPTED FORMS AND SCHEDULES

### Forms and Schedules for E-file

The forms and schedules listed at the following URL are the only forms and schedules acceptable for e-file. The E-file Notes lists the number of forms allowable by the IRS.

https://www.riahelp.com/html/2020/reports/ef_forms/1041/1041_Federal_E-file_Forms.pdf

This document is kept current.

### Other Documents for E-file

The following can also be e-filed:

| FORMS/ SCHEDULES | TITLE | MAXIMUM NUMBER PER RETURN |
|---|---|---|
| Statement ("STMnnn") | Statement Records* for forms and/or schedules other than Schedule K-1 (Form 1041), in ascending numeric order | |
| Schedule K-1 (Form 1041) Statements (STM099) | If applicable, the Schedule K-1 (Form 1041) Statements must be transmitted in ascending numeric sequence and immediately follow the Schedule K-1 Record to which they correspond. | |
| Preparer Note Explanation Record | If applicable, the Preparer Note Record** must be transmitted following the Statement Record of the Form 1041. | |
| Authorization Record | | 1 |
| Payment Record | | 1 |
| Regulatory Explanation Record | If applicable, the Regulatory Explanation Record*** must be transmitted following the Election Explanation Record or Preparer Note Explanation Record. | |

\* Statement Records are used only when the number of data items exceeds the number that can be contained in the blank provided on the print form or schedule. Data must be provided in a separate Statement Record. A Statement Record can be required to explain certain entries on a form or schedule.

\*\* The Preparer Note Explanation Record is to provide additional voluntary information related to the return but not required to be attached to the return.

\*\*\* The Regulatory Explanation Record can be used when the taxpayer cites a specific regulation for certain tax treatment, status, exception, or exemption when there is no official IRS form designed for that purpose.

# Exclusions from E-file

The following returns are excluded from e-file:

- Delinquent returns (except returns covered by an extension of time to file which was submitted to the service center where the taxpayer would normally file a paper return).

- Returns with dollars and cents entries. Only whole dollar amounts are accepted. Round entries to whole dollars only upon output; computed percentage distributions on Schedules K-1 (Form 1041) may not balance due to this rounding.

- Returns with Powers of Attorney (POA), and the IRS does not have a POA on file. In order to e-file, the POA should be filed prior to the transmission of the electronic return.

- The POA must be submitted on paper to the IRS Center where the taxpayer would normally file a paper return. The POA must be submitted at least six (6) weeks prior to transmitting a return that includes a POA.

- Returns filed under §6020(b) of the Internal Revenue Code

- Returns with any dollar amount greater than $99,999,999

- Bankruptcy estate returns

- Returns with refund amounts equal to or greater than $10,000,000

> Fiduciaries with a Fiscal Year Return, a Short Period Return ending on a month prior to December 31, or a Fiscal Year Final Return cannot e-file. However, fiduciaries with any type of Fiscal Year Return with a tax period ending on or before June 30, 2020 (January 2020 - June 2020) may e-file.
>
> No extensions are granted/approved for Fiscal Year Returns with a tax period ending June through December 2020.

# APPENDIX B - STATE E-FILE AVAILABILITY

| STATE | RESIDENT | NONRESIDENT | AMENDED | ESTIMATES | EXTENSIONS |
|---|---|---|---|---|---|
| ALABAMA | ✓ | ✓ | ✓ | | |
| ARIZONA | ✓ | ✓ | ✓ | | ✓ |
| ARKANSAS | ✓ | ✓ | ✓ | ✓ | ✓ |
| CALIFORNIA | ✓ | ✓ | ✓ | ✓ | ✓ |
| COLORADO | ✓ | ✓ | ✓ | | |
| CONNECTICUT | ✓ | ✓ | ✓ | ✓ | ✓ |
| DELAWARE | ✓ | ✓ | ✓ | | ✓ |
| DISTRICT OF COLUMBIA | ✓ | ✓ | ✓ | ✓ | ✓ |
| GEORGIA | ✓ | ✓ | | | |
| IDAHO | ✓ | ✓ | ✓ | | |
| ILLINOIS | ✓ | ✓ | | | |
| IOWA | ✓ | ✓ | ✓ | | |
| KANSAS | ✓ | ✓ | | | |
| KENTUCKY | ✓ | ✓ | | | ✓ |

| STATE | RESIDENT | NONRESIDENT | AMENDED | ESTIMATES | EXTENSIONS |
|---|---|---|---|---|---|
| MAINE | ✓ | ✓ | ✓ | | |
| MASSACHUSETTS | ✓ | ✓ | | | ✓ |
| MICHIGAN | ✓ | ✓ | | | |
| MINNESOTA | ✓ | ✓ | | | |
| MISSISSIPPI | ✓ | ✓ | ✓ | | |
| MISSOURI | ✓ | ✓ | ✓ | | |
| MONTANA | ✓ | ✓ | | | |
| NEW HAMPSHIRE | ✓ | ✓ | ✓ | | ✓ |
| NEW JERSEY | ✓ | ✓ | ✓ | ✓ | ✓ |
| NEW MEXICO | ✓ | ✓ | ✓ | | |
| NM PTW-D | ✓ | ✓ | | | |
| NEW YORK | ✓ | ✓ | ✓ | ✓ | ✓ |
| NORTH CAROLINA | ✓ | ✓ | | | ✓ |
| NORTH DAKOTA | ✓ | ✓ | ✓ | ✓ | |
| OHIO | ✓ | ✓ | ✓ | | |

| STATE | RESIDENT | NONRESIDENT | AMENDED | ESTIMATES | EXTENSIONS |
|---|---|---|---|---|---|
| OHIO MNPT | ✓ | ✓ | | | |
| OKLAHOMA | ✓ | ✓ | ✓ | | |
| OREGON | ✓ | ✓ | ✓ | | |
| PENNSYLVANIA | ✓ | ✓ | ✓ | ✓ | ✓ |
| RHODE ISLAND | ✓ | ✓ | | | |
| SOUTH CAROLINA | ✓ | ✓ | | | |
| TENNESSEE | ✓ | ✓ | ✓ | | ✓ |
| UTAH | ✓ | ✓ | ✓ | | |
| VERMONT | ✓ | ✓ | ✓ | ✓ | ✓ |
| VIRGINIA | ✓ | ✓ | ✓ | | |
| WEST VIRGINIA | ✓ | ✓ | ✓ | | |
| WISCONSIN | ✓ | ✓ | ✓ | ✓ | |

# APPENDIX C - E-FILE PAYMENT REFERENCE

## Balance Due Returns: Payment Information

If a balance is due, taxpayers are not required to submit payment until the statutory April filing date.

Payment for Form 1041 e-file returns can be made in any of the following ways:

- **Electronic funds withdrawal (EFW)** allows for direct debit payments with balance due returns.

- **Electronic Federal Tax Payment System (EFTPS)** is a tax payment system provided free by the US Department of Treasury. E-pay federal taxes via the Internet or phone 24/7.

- **Estimated tax payments**, with *Form 1041-ES: Estimated Income Tax for Estates and Trusts*, should be submitted according to Form 1041-ES instructions.

- You can send a **remittance with Form 1041-V**. Send after the return is e-filed, but by the return due date (i.e., the return can be transmitted prior to the return due date, but the remittance does not have to be submitted until the return due date). The payment should be submitted according to Form 1041-V instructions. The IRS strongly encourages the use of Form 1041-V.

- You can send a **paper check**, if Form 1041-V is not used. On the check, you must include the Employer Identification Number of the Estate or Trust, the form number, and the tax year for which the payment is intended. Refer to the instructions for Form 1041 under "Where to File" for the mailing address.

## Overpayment

When preparing electronic returns, you may elect to have any overpayment treated in one of the following ways:

- Applied to your Tax Year 2021estimated tax

- Sent to you in the form of a refund check

- Split – part applied to your Tax Year 2021estimated tax and the remainder issued in the form of a refund check.

# APPENDIX D - TIPS FOR TROUBLESHOOTING E-FILE REJECTIONS

| KEYWORD(S) WITHIN THE REJECTION TEXT | WHAT IT MEANS | HOW TO FIX IT |
|---|---|---|
| **DATABASE VALIDATION ERROR** | This indicates what is effectively a "Master File" rejection, meaning that there is not necessarily a calculation error within the return (unless you also receive additional errors), but instead a mismatch between a piece of demographic information reported on the form and what the IRS shows on their records. Most commonly this includes the taxpayer's tax year, entity type, and/or name. It can also indicate that the ERO (e-filer) did not indicate his or her intent to e-file this entity type of return when he or she initially applied to e-file with the IRS. | First, verify that there are no data entry errors regarding the item which is referenced as problematic, i.e. verify that you entered the name and SSN/EIN of the taxpayer correctly if it states that the SSN/EIN and Name control do not match. Beyond that, it will require a call to the IRS and/or Social Security Administration to determine what information is incorrect on their records, which they can hopefully revise. The IRS phone number to call is **(800) 829-1040** for individuals or **(800) 829-4933** for businesses. The Social Security Administration phone number is **(800) 772-1213**. If the caller did not prepare the prior year return, it will be necessary for an officer or tax matters partner to call instead. Lastly, if the error indicates that the ERO's "EFIN must be valid and in accepted status," this means that the ERO must contact the IRS at (866)255-0654 to have that entity type of return added to his or her e-file registration. |

| KEYWORD(S) WITHIN THE REJECTION TEXT | WHAT IT MEANS | HOW TO FIX IT |
|---|---|---|
| UNEXPECTED [CHILD ELEMENT…] / EXPECTED: { } | This indicates that while the IRS or state's e-file processor was analyzing the e-file, it found an entry that it did not expect to see until later on in the e-file, until after it had already seen other items - specifically, whatever it lists as "expected." Therefore, this means that the "expected" item(s) is missing. | Both the expected and unexpected items will have field descriptions which should hint as to what place on the form the rejection is referencing. Use the unexpected item(s) to establish context as to where the expected item(s) should have been, and attempt to identify the line described as "expected" and identify what might be missing about that item. Many times, this refers to the system seeing an amount for a subschedule line-item, without a corresponding description, or vice versa; note that this may include entering a zero. |
| ELEMENT DATA IS INCOMPLETE / EXPECTED: { } | This rejection is in most cases synonymous with the rejection above, and indicates that the item listed as "Expected" is missing and must be entered. | As with the rejection above, locate the field described after "Expected" and verify that an entry exists within this field; note that this may include entering a zero. |
| VIOLATES MININCLUSIVE RESTRAINT: 0 | Whenever you see the word "constraints," this means that the tax authority has established certain rules as to what can be in that field on the return. In this case, a rejection like this indicates that the lowest value the tax authority will accept is 0, therefore positive values. | This error generally results when the tax authority expects a gross number in a field, i.e. for apportionment factors, yet a negative has been entered; if this is the case, the only resolution is to replace the negative number with a positive one or a zero. |

| KEYWORD(S) WITHIN THE REJECTION TEXT | WHAT IT MEANS | HOW TO FIX IT |
|---|---|---|
| **VIOLATES ENUMERATION CONSTRAINT OF….** | This indicates that the tax authority has specified a specific (enumerated) group of values which this field could potentially contain. For instance, in a field requesting an entry for the state in which the corporate books are located, the accepted list of entries would only include the list of standard state postal codes. Luckily, the list of acceptable values is generally included within the rejection text itself. | Verify that there is not a data entry error which would result in a value which is outside the confines of the enumerated values. To continue the example, verify that "IN" for Indiana was not mistyped as "IK", etc. Returns containing Noncalculating forms are particularly susceptible to this sort of rejection. |
| **VALUE FAILED TO PARSE / ERROR PARSING ELEMENT WITH VALUE { }** | This is very similar to the rejection above. This indicates that the entry in the field referenced goes against the data type which the tax authority expects to see in that field. For instance, it may be expecting a decimal number in a field for the apportionment percentage, and will return this error if instead it sees a word in this field. | Identify and locate the field which is referenced and verify that the entry in that field makes sense in the context of its data-type; i.e. look out for letters entered into the ZIP code field, etc. |
| **ELEMENT { } CANNOT BE EMPTY ACCORDING TO THE SCHEMA.** | The "Schema" refers to the blueprint to which all submitted e-files must conform, which is established by the tax authority. This rejection indicates that the specified field is required to have data in order for the return to be acceptable for e-file. | Using the description of the field, attempt to locate the field which is missing data, and place an entry in the corresponding input screen field; note that this may include entering a zero. |

# APPENDIX E - FAQS

## Attachments

### How do I attach additional detail or other attachments with a 1041 return that is being e-filed?

Additional detail or attachments cannot be sent electronically. The IRS does not support PDF attachments for estate/trust returns. However, supporting documentation for an estate/trust return can be attached to Form 8453-F, and mailed to the appropriate IRS Service Center.

## Extensions

### For which jurisdictions can 1041 extensions be e-filed?

Extensions may be e-filed for the following:

- Massachusetts

- New York

- Federal 7004

- Federal 8868

### How do I e-file 1041 extensions?

Thomson Reuters supports e-file of extensions for 1041 and 5227 returns.

## Form 5227/Form 8868

### Can you e-file Form 5227 or its extension Form 8868?

No. The IRS does not support e-file of Form 5227. We do support extension Form 8868.

# Form 8948

### How do I activate Form 8948 - Preparer Explanation for Not E-Filing?

To activate Form 8948 - Preparer Explanation for Not E-Filing:

1. Go to **Organizer > E-file > Additional Information > E-file Opt Out > Preparer Explanation**.

2. Select an appropriate reason for not e-filing.

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# Federal Estimates

### Can you e-file federal 1041 Estimates?

Yes. They are e-filed with the regular federal return. The estimate information can be reviewed at the end of the federal e-file XML file and are included with the federal return e-file. To find the information for direct debit for e-file of the federal estimates, go to **Organizer > General Information > Bank Information** and scroll down to bottom of screen to the **Estimate – Direct Debit (Electronic Funds Withdrawal)** section to locate the **Estimate authorization to debit funds** is along with the dates and amounts.

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# Form 2210

### Why am I getting an e-file reject for 2210?

If you are getting this 2210 e-file reject: *Form 2210: The Form 2210 has not been electronically filed even though the form was sorted with the hardcopy return per client return options selection. IRS reject code 725 (IRS Publication 1438) indicates that the return will be rejected if Form 2210 is filed and none of the boxes on Form 2210, page 1, part II are checked.* This is because the return does not require the 2210 if no box is checked. If you still want to print the 2210 and not suppress the form, then go to **Organizer > Estimates and Penalties > Underpayment Penalty > Penalty Options and Information** (tab) > section: **Underpayment Penalty Sort Option**, and select *Always sort Form 2210 immediately following Form 1041-ES*.

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