

## Arizona

1. Total efile returns for the filing season

818,888 E-File; 233,177 2D Barcode

2. Percentage of efiled returns

40% E-file; 11.6% 2D Barcode

3. Total Fed/State (piggyback) returns - 799,375

4. Total State Only/Multiple State returns (if captured) - 19,513

5. Total Free File Alliance--Free State Returns (if applicable)

14,301 of those willing to report

6. Problems resolved

Arizona's Conditional Acceptance Acknowledgement has caused considerable confusion to the end-user. As a result, Arizona will not issue CA acknowledgements beginning TY 2004 season.

7. Current Issues

Free File Alliance - The current structure of free offerings is confusing to the taxpayers and is often unusable especially when the taxpayer needs to file a State-only.

8. Extend date for electronic filing if federal legislation passes

Arizona typically conforms to IRS, but will have to go before legislators.

9. New forms

The following forms will be added to Arizona 2D Barcode: 140EZ, 140PY, 140NR, and 140PTC

10. New payment alternatives

11. Enhancements to direct web file programs

12. Any other changes/enhancements to filing programs

Enhanced Arizona's response to PATs

Marketing Budget of \$100,000

Total Non-resident returns - 31,464 (As of April 24)

Total Prior Year returns - 81,504

Total Credit to other state returns - Current statistics are unavailable.

TY 2002 - 24,072; TY 2001 - 29,007; TY 2000 - 27,831

**Arkansas:**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable)

As of 04-26-04 522,158 returns e-filed. No Barcode returns.

--Percentage of efiled returns (also barcode or direct internet if applicable)

Not available until year end - best guess is between 50-51% of all returns filed.

--Total Fed/State (piggyback) returns - 486,289 returns.

--Total State Only/Multiple State returns (if captured) 15,704 returns.

--Total Free File Alliance--Free State Returns (if applicable) Unknown.

--Problems resolved

All have been resolved.

--Current Issues - 2688 Extension approvals by IRS.

--Extend date for electronic filing if federal legislation passes- To be determined.

--New forms - None anticipated.

--New payment alternatives - None anticipated.

--Enhancements to direct web file programs - Unknown at this time.

--any other changes/enhancements to filing programs

--Total Non-resident returns - E-Filed: 20,443

--Total Prior Year returns - E-Filed: None

--Total Credit to other state returns - Unknown at this time.

## California – through 4/24/2004

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable)

6,645,278 total e-file (+83.39%) includes 106,271 direct (NetFile) returns.

--Percentage of efiled returns (also barcode or direct internet if applicable)

I assume you mean what % e-filed is of total returns filed: YTD efile=60% of all returns filed.

--Total Fed/State (piggyback) returns N/A

--Total State Only/Multiple State returns (if captured) N/A

--Total Free File Alliance--Free State Returns (if applicable) N/A

--Problems resolved - None of note

--Current Issues - None

--Extend date for electronic filing if federal legislation passes  
We would conform administratively

--New forms - Considering adding fiduciary return and related forms (FTB 541)

--New payment alternatives - None planned

--Enhancements to direct web file programs - None planned

--any other changes/enhancements to filing programs

We are moving to a self-select PIN option next year for taxpayers and preparers to sign the return. It will mirror the IRS' program, making the 8453 optional.

--Total Non-resident returns - 128,522 (+69.76%)

--Total Prior Year returns - N/A

--Total Credit to other state returns - N/A

## **Hawaii**

- 1) Total e-file returns- 132,236 filings
- 2) Approx 32% e-filed returns
- 3) 130,236 JELF returns
- 4) Total State Only- N/A
- 5) Total Free File Alliance
- 6) Problems resolved- none
- 7) Extend date for electronic filing if federal passes - Hawaii doesn't automatically follow federal legislation. We would have to legislate such a change. At this time it is not under discussion.
- 8) New Forms- None
- 9) New payment alternative- None
- 10) Enhancements to direct web file programs- Allow payment for bulk file program

## **Idaho through the 23rd of April**

1. Total e-filed returns filed. 250,626
2. Percentage of e-filed. 48%
3. Total fed/state 240,000
4. State only 12,819
5. FFA program 7,493
6. Problems resolved: Missing schedules from software when we first went into production that was there when we tested.
7. Current Issues
8. Extend date for electronic filing if federal legislation passes. Idaho would have to go through legislation to pass.
9. New forms: No
10. New payment alternatives: No
11. Enhancements to direct web file programs: N/A
12. Any other changes/enhancements to filing programs: Still in the analysis state of this.
13. Total Non-resident returns 26,575. This includes part year also
14. Total Prior Year returns 6,631
15. Total Credit to other state returns. E-file only. 5,118

**Illinois**

**As of 5/10/2004**

--Total e-file returns for the filing season (include a figure for barcode or direct internet if applicable)

Total e-File returns: 2,133,895 includes e-File, TeleFile, Internet, and PC-File

Total barcode returns: 859,871

Direct Internet returns: 199,026

--Percentage of e-filed returns (also barcode or direct internet if applicable)

Percentage of e-Filed returns: 45.0% includes e-File, TeleFile, Internet, and PC-File

Percentage of barcode returns: 18.1%

Percentage of Direct Internet returns: 4.2%

**--Total Fed/State (piggyback) returns**

Total Fed/State returns: 336,037 includes e-File and PC-File

Total Fed/State e-File returns: 309,890

Totals Fed/State PC-File returns: 26,147

--Total State Only/Multiple State returns (if captured)

Total State Only returns: 1,482,740 includes e-File and PC-File

Total State Only e-File returns: 1,217,675

Total State Only PC-File returns: 265,065

--Total Free File Alliance--Free State Returns (if applicable)

N/A

--Total Non-resident returns: 89,864 Non-resident, 66,549 Part-year resident

--Total Prior Year returns: 78,139

--Total Credit to other state returns: 95,351

## **Indiana**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) - As of 5-7-2004; F/S E-File = 856,414, F/S On-Line Filing = 220,959, F/S TeleFile = 64,831, Indiana I-File = 60,155, Indiana 2-D BarCode = 465,908.

--Percentage of efiled returns (also barcode or direct internet if applicable) 61%

--Total Fed/State (piggyback) returns 1,104,379

--Total State Only/Multiple State returns (if captured) 96,503

--Total Free File Alliance--Free State Returns (if applicable) - Not Applicable

--Problems resolved - #1 Indiana EIC data did not flow through properly from Federal EIC on six different vendor's software. This issue was corrected in the middle of the busy portion of the tax filing season for most of the six vendors, however, we are still receiving some returns with this issue due to users not picking up the vendor's updates properly. The six vendors where ATX, Dunphy, Jackson Hewitt, LaCerte, Petz and TaxSlayer.

#2 County Boxes on the Indiana Return. Indiana requires the boxes be completed in order for the ERO or home user to file the Indiana return electronically. This has been an ongoing issue for several years and we thought we had all of the vendors on track with this issue. However, we still had two vendors (ATX and TaxSlayer) who did not have this requirement built into their software. We do not know for sure if either of these vendors have resolved the issue or not.

--Current Issues - W-2 detail data (State portion) - Indiana started gathering State and Local data from the W-2 Forms (regardless if wages and withholding is for another state or another state's locality). At issue is how it is gathered. Indiana would like to see only Indiana State and Indiana Locality data shown on one row of the W-2 and any other State and other State's Locality data shown on a separate row of the W-2. It seems that there are a couple of vendors (Jackson Hewitt & 2nd Story Software) that cannot (or won't) provide that request where other vendors can.

--Extend date for electronic filing if federal legislation passes - Not Applicable

--New forms - None at this time

--New payment alternatives - Plan to have Post Filing Coupon (payment voucher) to be generated on all 2-D BarCode returns that show a balance due. Indiana wants the TP to use the payment voucher to pay the balance due on any 2-D BarCode return.

--Enhancements to direct web file programs - None at this time.

--any other changes/enhancements to filing programs - We implemented an improved testing system for Fed/State vendor files. As the approval season continued and users became more

familiar with the testing system and the bugs were worked out, the program allowed us to turn around test results in hours instead of the several days required in previous years.

--Total Non-resident returns - 4,245

--Total Prior Year returns - 0

--Total Credit to other state returns - 50,153

## Iowa

--Total efile returns for the filing season [percentage] as of May 3, 2004:

Fed/State: 755,823 [55.2%]

WebFile: 22,815 [1.7%]

TeleFile: 20,142 [1.5%]

No barcode

All Sources: estimated 1,370,000 [100.0%]

--Total Fed/State (piggyback) returns - 717,480

--Total State Only/Multiple State returns (if captured)

38,343 State Only / 39,889 Multiple State

--Total Free File Alliance--Free State Returns (if applicable) - N/A

--Problems resolved

Iowa received occasional calls from taxpayers, preparers, and software companies about missing acknowledgements. Problems are usually caused by returns with blank mailbox or companies failing to pick up ACKS from StAck or losing them after retrieving them. Iowa reviews StAck's report after every ACK transmission to assure StAck received them all. Because the StAck reports balance with the ACKS we send, justifiable requests for Iowa to rehang ACKS are rare.

--Current Issues

IA4562A - decoupling - modified form as it pertains to Bonus Depreciation and IRC Section 179.

--Extend date for electronic filing if federal legislation passes

No extension; Iowa filing deadline has always been April 30.

--New forms

Discontinue IA6251-B Balance Sheet Statement of Net Worth (planned)

--New payment alternatives - No new alternatives planned.

--Enhancements to direct web file programs - No enhancements planned.

--any other changes/enhancements to filing programs

Accept e-filed fed/state returns for deceased taxpayers (planned)

--Total Non-resident returns - 53,000

--Total Prior Year returns - 46,000

--Total Credit to other state returns - 48,000

## **Kansas (as of April 30)**

- Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) 525,000 efile; 602,000 including Web&Telefile
- Percentage of efiled returns (also barcode or direct internet if applicable) 57% (as of 4/30/04 - paper returns still being processed)
- Total Fed/State (piggyback) returns 485,000
- Total State Only/Multiple State returns (if captured) 40,000
- Total Free File Alliance--Free State Returns (if applicable) N/A
- Problems resolved - few minor problems with direct payment returns.
- Current Issues - considering mandate
- Extend date for electronic filing if federal legislation passes - nothing proposed on this, would require legislative action
- New forms - none
- New payment alternatives - online payment system for estimated income, current year and prior year income tax payments
- Enhancements to direct web file programs - none at this time
- any other changes/enhancements to filing programs
- Total Non-resident returns - 126,000 to-date (11% of total returns)
- Total Prior Year returns 25,800 = 2% of total returns rec'd to-date
- Total Credit to other state returns - 74, 000 to-date (7% of total returns)

## **Kentucky**

- Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) Efile 612,744 Telefile 45,257 Online 123,130 Total 781,131 Barcode returns 198,671
- Percentage of efiled returns (also barcode or direct internet if applicable) 46% efile/total returns 12% barcode/total returns
- Total Fed/State (piggyback) returns 781,131
- Total State Only/Multiple State returns (if captured) Not captured at this time.
- Total Free File Alliance--Free State Returns (if applicable) Not captured at this time.
- Problems resolve small problem (that I was responsible for creating) with SRS, but was resolved in timely manner.
- Current Issue state acks thru IRS?
- Extend date for electronic filing if federal legislation passes Kentucky will follow the IRS.
- New forms Enhancements to the Efile system to accept multiple occurrences of Sch A and 4562 depreciation form.
- New payment alternatives direct debit on the return, and EPay system (web based) credit cards and electronic checks
- Enhancements to direct web file programs N/A for individual income. Sales and use tax is online. WH tax filing will be online soon.
- any other changes/enhancements to filing programs

None of the following are accepted for Kentucky e-file.

- Total Non-resident returns
- Total Prior Year returns
- Total Credit to other state return

## **Maryland**

Efile total = 956,805

Barcode total = 88,525

Efile returns are approximately 37% of our total returns (approximate because all paper returns have not yet processed so I am basing it on anticipated paper filings)

Fed/State Efile total = 863,206 (includes F/S TeleFile and F/S Online)

We would extend due date

Non-resident Efile = 18,109

Out of State Credit returns Efiled = 64,205

For tax year 2004 we will change from a variable byte acknowledgment to the 120 byte fixed format and plan to participate in the F/S acknowledgment program.

We hope to participate in the F/S 1120 in 2006 for tax year 2005.

**State of Michigan  
e-file Symposium 2004  
Oklahoma City, OK**

**Total personal income tax (PIT) e-file returns received: 2,510,801 (4-28-04)**

**Income Tax e-file:**

- 2,424,259 e-file returns - 72% of total returns filed (4-27-04)
- 428,829 On-Line returns -12.8% of total returns filed (4-22-04)
- 148,772 State-Only Returns With MI-1040 (4-27-04)
- 1,111 State-Only, Credit-Only Returns (Without MI-1040) (4-27-04)
- Approximately 2.4% of total e-file returns to date are Free File Alliance-Free State Returns

**Income Tax 2-D Barcoding:**

- 299,652 returns received (8.9% of total returns filed, as of 4-28-04)

**Other Income Tax Information:**

- 40,162 non-resident returns (4-27-04)
- 42,733 prior year returns (4-29-04)
- 25,629 credit to other state returns (4-28-04)

**Single Business Tax (SBT) e-file:**

- 29,246 annual returns filed via Internet Portal (4-29-04)

**Problems Resolved:**

1. Returns were being accepted with incorrect agreement number format on the Farmland Preservation Tax Credit Claim (MI-1040CR-5). We created a new rejection code, requiring proper format for the agreement number before return is accepted.
2. Changed field 0185 in consistency section to no entry. Taxable Social Security Benefits now reported in field 0350 which allows e-filed returns for non-resident or part-year residents with taxable social security benefits.
3. Updated format specifications for percentage fields to mirror federal format.
4. Accepting \$1 in AGI allowed submission of State-Only, Credit-Only returns from some software companies that would not otherwise have been able to e-file those returns.
5. State-Only returns with "M" signature code were receiving a reject acknowledgement R-875. This was corrected to be a conditional acceptance acknowledgment C-875.
6. Single Business Tax Customer Service Number (CSN) added to Web self service.

**Current Issues: N/A**

### **Issues Michigan Experiences Each Year:**

1. Before submitting first test transmission, developers should notify Michigan of any forms not supported or software limitations that would affect their test submissions.
2. Request software developers give out accurate information regarding testing and software problems.
3. Complete state acknowledgment code(s) are not provided to the ERO or taxpayer.
4. Software developers changing their software developer code after they have completed PATS. This results in rejected returns. Michigan must be notified of any changes in software developer codes before the change occurs.
5. Software developers should notify states of known problems they have discovered with their software and when a correction will be available to their customers. This would help states respond more efficiently to phone inquiries from preparers.
6. On the Homestead Property Tax Credit Claim (MI-1040CR), line 9, the annual rent is entered and then multiplied by 12 months. The monthly rent should be entered here.

### **The 2005 filing season:**

1. Focus on improving infrastructure.
2. Focus on developers supporting State-Only, Credit-Only, to ensure senior citizens are able to take advantage of e-file for the homestead property tax and home heating credit claims.
3. Continue to mandate IIT e-file for tax preparers filing 200 or more returns annually.
4. Mandate that software developers support e-file for all eligible forms that are included in their tax preparation package.

**New Forms:** None known at this time.

**New Payment Alternatives:?????**

**Program Enhancements:** Focus on improving infrastructure.

**Extend date for electronic filing if federal legislation passes.**

If the federal legislation passes, Michigan will follow suit.

### **Michigan Contact Information**

General: Carolyn S. French  
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**Minnesota**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable)

--Percentage of efiled returns (also barcode or direct internet if applicable)

|                         |           |         |                                |
|-------------------------|-----------|---------|--------------------------------|
| Paid Tax Preparers      | 1,061,794 | 74.39%  |                                |
| Telefiles               | 88,849    | 6.22%   |                                |
| Self Preparers (Online) | 276,677   | 19.38%  |                                |
|                         | -----     | -----   |                                |
| Total M1 Electronic     | 1,427,320 | 100.00% | Individual Income              |
| Total M1PR Electronic   | 23,497    |         | Property Refund                |
| Total M2 Electronic     | 5,463     |         | Estates and Trusts (Fiduciary) |
| Total M3 Electronic     | 385       |         | Partnerships                   |

--Total Fed/State (piggyback) returns - None. (Minnesota is an independent state.)

--Total State Only/Multiple State returns (if captured) - None. (Minnesota is an independent state.)

--Total Free File Alliance--Free State Returns (if applicable)  
Unknown. (Minnesota does not track this information.)

--Problems resolved - Unknown.

--Current Issues - Unknown.

--Extend date for electronic filing if federal legislation passes  
Department will not address with state legislature until federal legislation passes.

--New forms - None anticipated for tax year 2004.

--New payment alternatives - None anticipated for tax year 2004.

--Enhancements to direct web file programs - None anticipated for tax year 2004.

--any other changes/enhancements to filing programs - None anticipated for tax year 2004.

--Total Non-resident returns - 68,512

--Total Prior Year returns - Unknown. (Best guess is less than 50 prior year M1 and M1PR electronic returns.)

--Total Credit to other state returns - 14,941

## **Mississippi**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) 521,126

--Percentage of efiled returns (also barcode or direct internet if applicable) Our e-file returns account for about 43% of all returns filed.

--Total Fed/State (piggyback) returns 521,126

--Total State Only/Multiple State returns (if captured) Not captured.

--Total Free File Alliance--Free State Returns (if applicable) Not captured.

--Problems resolved No big problems this year.

--Current Issues None

--Extend date for electronic filing if federal legislation passes Mississippi will like to follow suit but will need legislation.

--New forms None

--New payment alternatives None

--Enhancements to direct web file programs None

--any other changes/enhancements to filing programs None

Additional information requested by NACTP:

--Total Non-resident returns Do not capture information

--Total Prior Year returns Do not capture information

--Total Credit to other state returns Do not capture information

**Missouri (Stats are partial through April 30):**

Total E-File Returns:

Fed/State ELF: 1,146,792 +12%

Fed/State Telefile: 57,518 +6%

2D: 163,277

Direct Web: 11,142

Total: 1,378,729

Percentage of e-filed returns (With 2D): 63%

(Without 2D): 56%

Fed/State piggyback: 1,146,792

State Only: 59,882

State Only/Multi state: No figures available

Free File: No figures available

Problems resolved: Various software issues were encountered during filing season, most were resolved, some are still pending and will be addressed during the next PATS testing.

Current issues: Incomplete Non-Resident Schedules, W-2 issues (Incomplete on multi-state returns), Name Control on combined returns, depreciation subtraction.

Extend Due Date: Missouri can revert to IRS due date if legislation passes.

New Forms: None

New payment alternatives: None

Enhancements to direct Web: None

Other Changes: New contribution for Missouri Military Family relief Fund, which will most likely pass. Other Income tax items are pending, will provide more complete summary at Symposium.

## 2004 NEBRASKA UPDATE

April 26,2004

### **Filing totals requested by FTA:** Tax Year 2003 Filing Totals (as of 04/23/2004)

|  |         |
|--|---------|
| Total e-file returns   | 396,095 |
| Total barcode (we do not barcode)                              | 0       |
| Total direct Internet  | 8,658   |
| Total Telefile   | 38,176  |
| Percentage of e-filed returns                                  | 55.36%  |
| Percentage of direct internet                                  | 1.21%   |
| Percentage of Telefile returns                                 | 5.34%   |
| Total Fed/State (piggyback) returns                            | 349,261 |
| Total State Only/Multiple State returns                        | 23,165  |
| Total Free File Alliance state returns (we do not participate) | 0       |

### **Filing totals requested by NACTP:**

|   |        |
|---|--------|
| Total Non-resident returns (electronic only)          | 26,311 |
| Total Prior Year returns (paper only)                 |        |
| Total Credit to other state returns (electronic only) | 10,204 |

### **Other requested information:**

Problems resolved: There were no major changes made this last filing season that were as a direct result of known problems. Again, this year, we will be reviewing our Reject Codes to improve the accuracy and clarity of their error descriptions, and where possible, eliminate any unneeded reject conditions.

Current Issues: Last year, Nebraska decoupled its Standard Deduction from federal. This year, the impact of this will be even more extensive. We will be putting together an information sheet about these changes that will be included in our specifications and distributed through other channels.

Extend date for electronic filing: Our statutes direct us to piggyback off of federal due date, so if the federal due dates in the Internal Revenue Code actually change, we will follow the new due dates.

New forms: Nebraska is not planning any new income tax forms for tax year 2004, or to add any existing forms to those currently eligible for e-file.

New payment alternatives: We already support electronic funds withdrawal and credit card payments. At this time we have no plans for other payment alternatives.

Enhancements to direct web file programs: Our direct web program (called NebFile) was upgraded this filing season to allow 1040A filers. Previously it supported only federal Telefilers and 1040EZ filers. We are currently reviewing the feasibility of expanding to 1040 filers, however, we are also considering ending this program in order to participate in FFA. At this point, no decision has been reached.

## **New York**

Stats are as of 5/03/04:

- Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) 2,507,599 e-file; 918,125 2D
- Percentage of efiled returns (also barcode or direct internet if applicable) e-filed 36.4%; 2D 13.3%
- Total Fed/State (piggyback) returns 577,770
- Total State Only/Multiple State returns (if captured) not captured
- Total Free File Alliance--Free State Returns (if applicable) 43,671
- Problems resolved Use Tax was transmitted as a zero when an actual amount was claimed by taxpayer on the return, not allowing the transmission of 1099R's with no federal tax withheld even when state tax was withheld, claiming taxpayers ty02 refund as estimated tax prepayment for ty03.
- Current Issues software developers not following our record specs: invalid field lengths, missing DCN's, missing form type, decimal point in money fields, direct debit date allowed to be entered after 4/15, not submitting statement records when the file indicated they were included.
- Extend date for electronic filing if federal legislation passes will need legislation to do so
- New forms none
- New payment alternatives none - currently accept check, direct debit and credit card
- Enhancements to direct web file programs n/a
- any other changes/enhancements to filing programs NY will be eliminating our Direct program next year; software developers will need to support the Fed/State program as well as the State Only option.
- Total Non-resident returns 99,551 e-filed; 337,658 paper
- Total Prior Year returns 106,926
- Total Credit to other state returns 194,149

## North Carolina

\*\*\*Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) - 1,527,256 (barcode/direct internet not applicable)

\*\*\*Percentage of efiled returns (also barcode or direct internet if applicable) - 42% versus paper

\*\*\*Total Fed/State (piggyback) returns - 1,456,658

\*\*\*Total State Only/Multiple State returns (if captured) - 70,598

\*\*\*Total Free File Alliance--Free State Returns (if applicable) - N/A

\*\*\*Problems resolved - No problems of significance

\*\*\*Current Issues

Planning to participate in the Fed/State Corporate 1120 initiative and the national Streamlined Sales Tax Project

\*\*\*Extend date for electronic filing if federal legislation passes Will have to go to NC legislature for final approval

\*\*\*New forms - No

\*\*\*New payment alternatives - No

\*\*\*Enhancements to direct web file programs - N/A

\*\*\*Any other changes/enhancements to filing programs - No

\*\*\*Total Non-resident returns

\*\*\*Total Prior Year returns

\*\*\*Total Credit to other state returns

The above information is not captured; except for prior year returns. Was not able to readily get this information.

**North Dakota preliminary numbers**

126,201 e-file - 39% of all returns

50,228 2-D returns read and still counting - 25% of paper returns

157,774 ND residents e-filed their Fed

126,201 ND residents e-filed their State Return

21,010 returns were filed by Online Filers

5,124 returns were filed State-Only

We haven't reviewed the filing season, so I am unable to add anything else at this time.

## Oklahoma

1. Total E-File returns: as of 4-30-04 611,538 E-File returns, 166,831 2-D returns
  2. Percentage of efiled returns: as of 4-30-04 54%, 35% of paper returns were 2-D
  3. Total Fed/State piggyback: as of 4-30-04 611,538
  4. Total State Only: OK is not a state only, must file piggy back with Fed
  5. Total Free File Alliance: Not Available
  6. Problems Resolved: OK received duplicate DCN's for the first time this year. Since we had never had this problem before, our system acknowledged apx 150,000 returns which we never received. In March OK placed a fix on our system to drop any duplicate DCN. No resolution seemed to be in place from the IRS, problem is still happening.
  7. Current Issues: Duplicate DCN's.
  8. Extend Due date for electronic if Fed legislation passes: OK already has a provision in place to follow the feds if this passes.
  9. New Forms: Currently the only known new form will be a new Tornado Tax Credit for the May 8th or 9th 2003 Tornados.
  10. New Payment Alternatives: None at this time
  11. Enhancements to direct web file: OK does not have a direct web file program. We link to the Free File Alliance members.
  12. Any other changes/enhancements: None at this time.
- 
1. Total Non-Resident Returns: As of 4-30-04 66,978. Of that 23,509 were 2-D returns
  2. Total Prior Year Returns: Not Available
  3. Total Credit to Other States: Not Available

## **State of Oregon Update**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable)

528,000+ e-filed returns as of 4-30-04

2D barcode is at 201,000+ as of 4-30-04

--Percentage of efiled returns (also barcode or direct internet if applicable)

Efile - 44%; 2D - 17%

--Total Fed/State (piggyback) returns - 528,000

--Total State Only/Multiple State returns (if captured) - None

--Total Free File Alliance--Free State Returns (if applicable) - None

--Problems resolved

We effectively lowered the manual review rate for e-file when the specifications were written to more accurately reflect the form instructions and to provide clearer parameters.

--Current Issues

Oregon is still seeing e-filed returns that are claiming the Working Family Child Care credit that do not have the form attached. That credit is denied if the form is not present.

Oregon is still receiving a few State Only returns. We will continue to reject those returns.

--Extend date for electronic filing if federal legislation passes - Oregon is not automatically tied to federal legislation. It would be a very large undertaking to reprogram our accounting system. The policy decision has not been made yet about this.

--New forms - None planned.

--New payment alternatives - Credit card (programming is now scheduled to begin in July)

--Enhancements to direct web file programs

Student website (which is not direct file - it is a prepare and mail in site only) may become 2D barcode enabled and a curriculum module may be added for educators.

--any other changes/enhancements to filing programs

None planned. We are hoping for a normal year without any elections....

--Total Non-resident returns - 43,379

--Total Prior Year returns - 24,040

--Total Credit to other state returns - 9,283

**Pennsylvania Department of Revenue  
Filing Season Summary**

Total E-File Returns

|                  |                  |
|------------------|------------------|
| TeleFile         | 493,636          |
| Fed/State e-file | 1,469,876        |
| Direct Internet  | 246,517          |
| Total:           | <b>2,210,029</b> |

Fed/State e-file

|                                   |           |
|-----------------------------------|-----------|
| Total Fed/State piggyback returns | 1,377,439 |
| Total State-Only returns          | 92,437    |

Non Resident and Out of State Credit

|   |        |
|---|--------|
| Total Non-Resident returns                  | 48,456 |
| Total Electronic Non-Resident returns       | 19,299 |
| Total Credit to other state returns         | 32,650 |
| Total Electronic with Credit to other state | 14,567 |

The majority of problems we experienced this year were due to the Department changing its acknowledgments. We started rejecting returns for the first time this year and using conditional statuses. We rejected a large number of returns in the beginning of the tax season. The number of rejections did diminish throughout the filing season. There are a few software companies that do not process conditional acceptances and that caused problems for us this year as well.

If the federal legislation passes, we will also extend the due date for electronically filed returns.

We do not have any plans for new payment alternatives or enhancements to our direct file program. We will be adding a new form this year for gambling and lottery winnings.

## **South Carolina Department of Revenue**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) - 953,232 (as of April 26, 2004)

--Percentage of efiled returns (also barcode or direct internet if applicable)

Based on numbers reported to FTA for period ending April 23<sup>rd</sup>, 62% is where we stand right now. Little ahead in processing paper returns over last year.

--Total Fed/State (piggyback) returns - 921,455 (as of April 26, 2004)

--Total State Only/Multiple State returns (if captured) - We capture it, but don't really run that job except early in the filing season to make sure our software partners are being true to their word and not sending all their returns as State Only.

--Total Free File Alliance--Free State Returns (if applicable)

NA since we have our own internet filing application.

--Problems resolved - See update

--Current Issues - See update

--Extend date for electronic filing if federal legislation passes. We offer May 1<sup>st</sup> as extended date. Will likely match federal date if they ever pass legislation.

--New forms - See update....looking to add schedule to list all of checkoffs since we can't fit them all on form anymore.

--New payment alternatives

Added ability to file/pay SC1040V Payment Voucher for Electronic Filers via the web. Taxpayers don't have to provide payment info at time of filing. Taxpayers have ability to pay by credit card or EFW (electronic funds withdrawal).

--Enhancements to direct web file programs

Nothing left except for credit for taxes paid to another state. We don't anticipate adding this in the future.

--any other changes/enhancements to filing programs - SC1040V payment via the web. See update for ESales, etc

--Total Non-resident returns NA

--Total Prior Year returns NA

--Total Credit to other state returns NA

## FTA Fed/State Symposium --- Update and Issues for South Carolina Issues

Duplicate filings due to State Only --- South Carolina surveyed our software partners by email last year to see what roadblocks were in place to prevent/deter duplicate filing of state returns. Based on the responses, we should not receive any duplicate returns (even for SO). Well, that just isn't the case. South Carolina received between 1,500 to 2,000 duplicate returns for tax year 2003 (through April 18<sup>th</sup>). South Carolina would be interested in hearing about other states' experiences related to duplicate filings and any successful or unsuccessful attempts to minimize this problem. We understand that one of our partners had a bug early in the season that may have resulted in some duplicate filings. However, South Carolina received one taxpayer's return 12 times.

FTA's assistance in pushing IRS to offer Fed/State 4868 filing --- South Carolina would appreciate any consideration from FTA and software partners in getting in the IRS' ear about offering joint filing of both federal and state 4868s. South Carolina has found that taxpayers and EROs alike have a misconception about the federal extension. They think that by some magic the states are informed of the filing of the federal 4868. South Carolina may revise the SC4868 to be a tear off voucher. Overall structure and calculations will not change (I say that now), just the appearance.

Checkoffs --- Due to the proliferation of checkoffs for the South Carolina individual income tax form, South Carolina will possibly move all checkoffs to a separate schedule/worksheet for tax year 2004. We would appreciate any feedback from states and software partners alike regarding this possible scenario.

### Updates

#### **Individual Income Tax**

Fed/State and State Only --- continued to see increase in filings for both ERO filed and home filers. South Carolina has exhausted forms/schedules that can be filed electronically. Therefore, growth of the program will only be "natural" growth and not due to new forms coming on line.

#### SCnetFile

Individual Income --- It was expected that SCnetFile would benefit from the discontinuance of the SC Telefile program and it did. Through April 18<sup>th</sup>, SCnetFile received 31,669 returns for tax year 2003 as compared to just 15,927 returns in tax year 2002. This was natural growth as no new forms or schedules were added to the SCnetFile application. The SC1040TC and associated schedules are the only ones fileable through SCnetFile. We don't anticipate adding tax credits to SCnetFile in the future.

Extensions --- South Carolina continues to offer taxpayers and EROs alike the ability to file an extension via the internet. Our application does not lend itself to bulk filing of extensions that EROs seek.

Declarations --- South Carolina offers the ability for taxpayers to file and pay their SC1040ES (Estimated Taxes for Individuals) via the web.

SC Telefile --- South Carolina discontinued the SC Telefile program for Individual Income tax. South Carolina received some phone and email complaints about the elimination of this program, but they were minimal and not very vociferous.

### **Sales**

ESales --- On February 9<sup>th</sup>, South Carolina launched ESales. ESales is a web based filing and payment application on the agency's website that allows sales tax filers to submit their returns electronically with the agency and pay by credit or electronic funds withdrawal. Taxpayers can file early in the month and warehouse their EFW payments for up to 15 days. ESales allows taxpayers to select the 20<sup>th</sup> of the month as the date of debit from their respective bank account, as long as it falls on a valid banking day. For taxpayer comments and statistics on ESales, please see the attached Word document.

Business Telefile --- Filing of zero gross proceeds sales tax returns continues to skyrocket in growth over the telephone. Calendar year 2003 saw the number of sales tax returns filed by Telefile more than double again and South Carolina is on its way to doubling that number again...unless taxpayers are drained off to ESales.

### **Payment Options --- EPay**

SC1040V --- In one of the greatest examples of just in time delivery, South Carolina began allowing taxpayers to submit SC1040Vs (Payment Voucher for Electronic Filers) on April 14<sup>th</sup>. Taxpayers "enthusiastically" greeted this new payment option that allows payment by both credit card and EFW (electronic funds withdrawal). As of April 19<sup>th</sup>, taxpayers had submitted 225 payments via the web based payment application totaling \$207,027.03 in monies. Over \$165,000 of the total was in the form of credit card payments.

Delinquent --- South Carolina discontinued the ability for taxpayers to submit payments for delinquent taxes over the phone in October, 2003. Now, their only electronic payment option is by EPay and the internet.

SC1120CDP/SC1120T --- South Carolina also offers the ability to file and pay corporate declarations and tentatives by the internet.

WH-1601 --- Taxpayers submitting payments for withholding have other options besides going to a bank and dropping a coupon/check off or paying by the EFT system. EPay offers taxpayers the ability to submit the withholding payment voucher (WH-1601) by EPay and pay by credit card or EFW. Taxpayers submitted 14,855 payments for over \$29.3 million through EPay for withholding. Through just the first three months of 2004, EPay for Withholding has already collected almost \$15 million and 7,368 transactions.

**Utah numbers are as of April 30, 2004.**

Total efile returns including barcode and our web product that replaced our telefile program. 491511

Percent of efiled returns to total returns processed. 56%

Total Fed/State returns. 253074

Total State only returns. 16694

Total Free File Alliance. Not Applicable

Extend date if Fed legislation passes. Yes

New Forms. Not as of now.

New Payments. Not as of now.

Direct web file. May drop and join Free File Alliance.

Any other changes. None at this time.

Total Non-res and Part Yr res returns. 37750

Total prior Yr returns. Not available

Total credit to other state returns. Not available

## **Vermont**

Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) - N/A

Percentage of efiled returns (also barcode or direct internet if applicable)  
33% up from 26% for tax year 2002

Total Fed/State (piggyback) returns - 85911

Total State Only/Multiple State returns (if captured) - Not Captured

Total Free File Alliance--Free State Returns (if applicable)  
We are a member as of this year, but we have no way of determining this total.

Problems resolved - Mostly related to HS-131, new form

Current Issues - None

Extend date for electronic filing if federal legislation passes - Yes

New forms

**Currently our legislatures are still in session so this is presently unknown.**

New payment alternatives

Credit Card payments are available for current year tax returns, income estimates and any tax liability that the taxpayer has already received a bill for.

Enhancements to direct web file programs

**Starting in July we will open a new website that our business taxpayers can use to file and pay their business returns online**

Signature requirements for State Only/Multiple State - N/A

Total Non-resident returns - **1680**

Total Prior Year returns- **Returns are entered manually so a count couldn't be determined**

Total Credit to other state returns - **Though e-file around \$20,000.00**

**West Virginia  
TY 2003 statistics as of 04/23/04**

Total E-file Returns to Date: 255,388  
Percentage of e-filed returns: 46%  
Total Fed/State (Piggy Back) 251,129  
Total State Only to Date: 4,259  
Telefile Returns: 24,663  
Webfile (NRS only) 415  
Non Resident/Part Year Resident Returns: 13,077  
Non Resident Special (NRS) Returns 5,173  
Credit to Other State Returns: 1,267  
Free File Alliance Returns: N/A  
2-D Barcode Returns: N/A

**Problems Resolved**

- We implemented a new procedure to curb the number of No-Match Master files by processing the Entity Record accepted by the IRS. These records were then loaded prior to the return data to ensure that a correct Master was in place to match with the return data. The benefits of the procedure are a sizable decrease in the workload for the personnel responsible for working the No-Match reports, reduced billing errors, and a more accurate master database.
- We began using the 120 byte acknowledgement record.
- Eliminated the need for the WV-8453 by accepting the IRS PIN for federal/state e-filed returns. The WV-8453 is still required for non-PIN filers and State Only returns.

**Current Issues**

- Free File Alliance
- Preparation for XML conversion

**Extended Date for E-file**

- We hope to be able to comply if/when the time comes, however, it will require legislative approval.

**Forms Additions/Changes**

- We will no longer support return type "I" for the Senior Citizens Tax Credit (WV-SCTC-1). This form will be an attachment only to the IT-140 for e-file.
- Possibly add Schedule H and Schedule PBGC for TY 2004. This is still in discussion.

**New Payment Alternatives**

- We accept payment by check with voucher, Direct Debit, and Credit Card. No new alternatives are planned at this time.

**Enhancements**

- 2-D Barcode processing for Personal Income forms, and a combined CNIT/ Franchise tax form. Pending vendor and system testing, the 2-D system could be enabled by January 1, 2005. If not, definitely by January 1, 2006.

- We will begin EFTPS file transfers for participation in the State Income Tax Levy Program in mid-2004.

#### Developer Issues

- Earlier testing and support for all forms and schedules available for e-file.
- All developers should support State Only filing with their professional software versions.
- Make the County Code (Field 110) a required field on the WV IT-140. Many returns are sent without any code requiring manual intervention to process.
- On-line companies need to be clearer regarding the level of support for state programs. We had numerous complaints from taxpayers that thought they could e-file the state return but the company only supported preparation of the state return.
- We had a number of calls from taxpayers who thought they had automatically elected Direct Debit for their balance due state return by selecting Direct Deposit/Debit for their federal return. This appears to be an issue primarily for on-line filers. A possible solution may be a pop up window(s) if Direct Deposit/Debit is selected on the federal return, asking if they would like state Direct Debit/Deposit and if the bank information would be the same as on the federal return.

## **Wisconsin**

--Total efile returns for the filing season (include a figure for barcode or direct internet if applicable) 1,393,705

--Percentage of efiled returns (also barcode or direct internet if applicable) 48%

--Total Fed/State (piggyback) returns 1,233,879

--Total State Only/Multiple State returns (if captured) 49,511

--Total Free File Alliance--Free State Returns (if applicable) not captured

--Problems resolved Direct Deposit refunds were pulled from the system and issued a paper check if the return had errors. We will be returning held errors back into the Direct Deposit refund stream next year.

--Current Issues Bank account numbers and/or addresses; If the software vendors could "force" preparers to validate that addresses and account numbers were "re-verified", customer service could be improved. There seems to be a tendency to not consistently updating this information when the software pulls this information from the prior year form.

TeleFile PIN number assignment will be updated because of duplication when misentering the SSN. Revisit 2D Barcode.

--Extend date for electronic filing if federal legislation passes  
Considered a legislative change but will not be proposed until federal legislation is passed.

--New forms Changes to existing forms are:

1. Dairy investment credit -- new line on Forms 1, 1NPR and 1X. Also new Schedule DI.
2. Standard deduction tables and tax tables revised to reflect indexing.
3. Remove line from Form 1A for education expenses.
4. New line added to all income forms for a designation for breast cancer research.

--New payment alternatives We are looking into offering e-payments.

--Enhancements to direct web file programs Currently, no plans for expansion.

--any other changes/enhancements to filing programs Still under consideration.

--Total Non-resident returns It's too soon to tell you the number of Forms 1NPR returns received this year. The majority of paper returns have not yet been processed.

--Total Prior Year returns Last year we processed 125,500 Forms 1NPR and 23,500 Forms 1 claiming TPOS credit. We expect the numbers to be about the same this year.

--Total Credit to other state returns It's too soon to tell you the number of Form 1 TPOS returns received this year compared to last year. The majority of paper returns have not yet been processed.