

#### e-file mandates 2004

Michigan
Department
of Treasury



www.michigan.gov/treasury



# **Today's Topics**

- E-file Mandates, what were they?
- **Why did we issue the Mandates?**
- **How successful were we?**
- **>>** What worked and why?
- **>>** Where do we go from here?



## **Income Tax e-file Mandates**

- **▶** Preparers with 200 or more clients
- Returns supported by software



## **SBT e-file Mandates**

- **Single Business Tax** 
  - Returns supported by software
  - Preparers must e-file all eligible SBT returns that are supported by their software



# Why did we issue the mandates?

- Why: reduced seasonal staffing; improve customer service
- \$2.7 million last year from the Department of Treasury's budget?
- We needed to find a way to provide some reasonable level of service to taxpayers.



#### How Successful were we?

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



## How Successful were we?

COMPARISON TO 2002 FILING SEASON AS OF 4/27/04

2004

2,424,259 e-file returns

2003

1,532,244 e-file returns

**DIFFERENCE** 

892,015

% OF INCREASE

58%



## What worked and why?

#### **™** Implementation

- Initial letters to developers and selected preparers with over 200 returns last year were sent in June 2003. A second letter was sent in October 2003 to additional preparers.
- We partnered with tax professional groups to communicate to their membership. Over a 3month period (Sept. – Dec.) Michigan Treasury staff spoke at over 60 speaking engagements with up to 6,000 preparers.



## What worked and why?

We listened to States like Minnesota and Wisconsin, who told us, speak to everyone and do not discuss punitive measures. If you do, you will end up discussing your punitive measures and not why you need the mandates to provide a reasonable level of service to the taxpayers.

And extremely important! We had the Support of the Governor's Office.



## **Veto Message**

In her one-page veto message for HBs 5434 and 5440,
Governor Granholm said she did not support legislation that "creates obstacles to more advanced, efficient and effective tax administration."



## **Veto Message**

">"State government must be a leader, and should not step backwards, in making the innovative technology changes necessary to successfully operate in today's competitive business environment,"

Governor Granholm wrote.



# Where do we go from here?

- We make certain that our infrastructure will continue to support our increased volume of e-file.
- Part of our goal for next year is to leverage the success and efficiency we achieved with e-file to assist those taxpayers who may never directly participate in electronic filing.
- We partner with the IRS to get the message out and to support our partners, the preparers.