

# State E-File Mandates The Virginia Perspective

FTA Annual Meeting  
Technology Session  
June 13, 2005

## State E-File Mandates Virginia

- # Three Flavors
  - > \$50K Monthly Tax Liability
  - Payroll Processors
  - Tax Practitioners
- # Each is Business Oriented
- # Cumulative Results
- # Questions

## State E-File Mandates Virginia

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- # > \$50K in Monthly Tax Liability
  - Applies to Sales, Withholding and Corporate Taxes
  - Dates to the Mid-Nineties
  - The \$50K is Tax-Type Specific
  - Ensures Large Tax Payments are Submitted and Deposited Timely
  - Does Not Help with Local Distribution of Sales Taxes
  - Eliminates Certain Withholding Vouchers

## State E-File Mandates Virginia

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- # Payroll Processors
  - Most Large Payroll Processors Were Participating Voluntarily
  - General Assembly Passed and Governor Signed in the Spring of 2003; Effective Date of July 1, 2004
  - Applies to Withholding Payments
  - Applies to Payroll Processors Submitting Payments for More Than 100 Companies
  - Business Check Payment Volumes are Down 12% FYTD

## State E-File Mandates Virginia

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- Tax Practitioners
    - Worked With the Virginia Society of CPAs to Gain Their Support
    - General Assembly Passed and Governor Signed in Spring 2004
    - Effective for Taxable Years Beginning with 2004
    - Applies to Practitioners Submitting More Than 200 Returns for Taxable Year 2004
    - Next Year's Threshold Drops to 100 Returns
    - Includes an Option for 2 Dimensional Barcodes
    - Includes Opt-out and Hardship Provisions
    - E-file Growth Increased by 16% this Filing Season
    - Soft Mandate
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## State E-File Mandates Virginia – Cumulative Results

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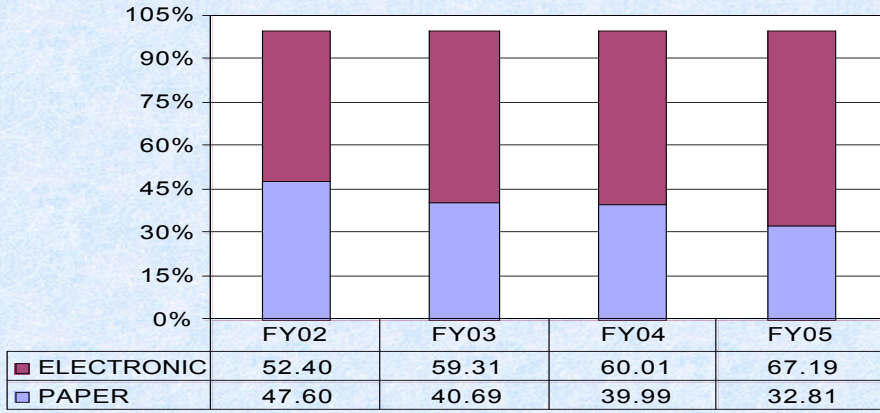
- Electronic Filing and Payments
    - Marketing
    - Partnerships
      - IRS
      - Software Vendors
    - Mandates
  - Difficult to Establish a Direct Cause and Effect
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# State E-File Mandates

## Virginia – Percentage of Payments Received via EFT

In Dollars

Deposit Comparison by Channel Medium

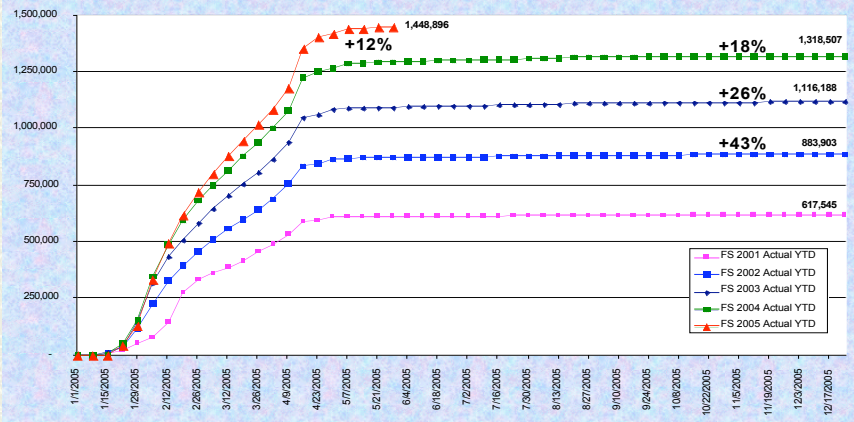


FY05 – Through April

# State E-File Mandates

## Virginia – Individual Returns Filed Electronically

Electronic Channels  
(e-file, i-file, & Telefile)



## State E-File Mandates

Virginia – Individual Returns & Business Transactions  
Received

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### # Individual Returns

- **Current Year ~ 1.5M Electronic of 3M Total ~ 50%**
- All Years ~ 1.5M Electronic of 3.6M Total ~ 41%

### # Business Transactions

- ~ 5M Paper
  - ~ 1.15M Projected for FY2005
  - Approximately 18.5%
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## State E-File Mandates

Virginia – Questions

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