

Taxware Systems

June 2011 Newsletter

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TRAINING WEBINARS



This year we want to continue to increase our webinar training sessions. Currently we hold those monthly and they are a great opportunity for new clients to get familiar with configuring and using the system. Some of our long time clients have also found them to be beneficial. Its always fun for us to hear "I didn't know you could do that" or "I wish I would have known about that years ago".

These webinars are a great way to be able to ask questions and see exactly how to best utilize the systems. Our next existing client webinar will be 06-28-2011 at 10AM PST. If you would like to attend, send us an email with your name, client ID, and any suggestions on areas you would like us to cover for this next webinar or future webinars info@taxwaresystems.com

ELECTRONIC FILING

Electronic filing is the preferred filing format for almost all federal and state returns. Last year we added all resident state returns that have an income tax to our e-file list. This year will continue to add e-file capabilities with the addition of many NR/PY state returns.

We are also heavy into development of the new MeF (Modernized Electronic Filing) platform. The existing "Legacy" system is the current system that your average 1040 return is created and processed through. For you the difference between the two doesn't really matter. Basically the IRS is moving toward an XML (Extensible Markup Language) file as the main transmission file which uses defined element names instead of numbers to tell their system what a piece of data is. The entities are part of the new MeF program with the exception of the Fiduciary return.

We finished the 1065 MeF federal program last year and are beginning to work with some test states. The transmission to the MeF system has all been done using the IRS IFA (Internet Filing Application) system. Its a good system that uses your Internet browser to upload and download transmission and acknowledgment files. This year we are also developing a new system that will be able to connect using the IRS A2A system. The A2A system will perform very similarly to our current Wincomm module which is what you are currently using to file your 1040 returns.

1041 e-file is also under current development and should be available for this upcoming tax season. We were really hoping that the IRS would add the 1041 to the newer MeF program for this up coming tax season but it doesn't look like they will. The 1041 will be developed using the "Legacy" system (what the current 1040 system is using). Its a hard pill to swallow knowing that we are developing under a format that only has a year or two left, but we had enough requests that we felt we better add it this year. All of the 1041 e-file development will be for federal filing only.

All of the MeF systems require an IRS e-services account. If you currently don't have an active e-services account here is the link to sign up.
<https://la2.www4.irs.gov/e-services/Registration/index.htm>

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UPCOMING TRADE SHOWS



Trade Shows Taxware Will Be Attending

- Orlando IRS - July 12-14
- Dallas IRS - July 26-28
- San Jose IRS - August 9-11
- Las Vegas IRS - August 16-18

We look forward to seeing you at various seminars and trade shows. Some of the dates haven't been finalized but here is a partial list of the upcoming seminars that we will be attending. Be sure to stop by and say hello.

At the Las Vegas IRS trade show we are planning on two break out room sessions. We are working on having various bank and other partners come and share some ideas on effective marketing, partnering in the market, and various office management ideas. These sessions are usually small so it will be a great place to come learn and ask questions in a non-intimidating setting. For these break out sessions and for our annual live seminar we are working on qualifying for Federal and California state continuing education credit.

This is still being planned and is subject to change, but in addition to Taxware we hope to have representatives from the following:

Refund Advantage
Advent Financial
River City Bank
ExamMatrix

PREPARER TESTING

IRS PTIN Registration and Preparer Testing



From the webinar March 30, 2011 and recent publications, the IRS has clarified tax preparer registration and requirements for all tax preparers, including, EAs, CPA, etc. about the new testing requirements, PTIN, requirements, and continuing education requirements.

This seems to be a fairly fluid topic so we advise you to look into often to see what changes might be necessary in your office.

Competency Testing is not required if you are a CPA, EA or Attorney

We have compiled some of the webinar main points and made it available at www.taxwaresystems.com/bulletins/preparerregulationstakenfromthe_march30.pdf At the bottom of that document is a link for the full webinar notes.



Taxware has partnered with ExamMatrix to offer Taxware clients special pricing on both the RTRP Exam Review and the EA Exam Review. Drastically reduce your study time! To see a demo and learn more, [Read More>>](#)

EARLY RENEWAL

Don't miss the early renewal deadline. If you renew before June 30, 2011 the incentives are as follows:

- Individual tax package customers will receive a free program of your choice or renewal of a free program plus free direct electronic filing.
- Individual/Business tax package customers will receive a free program of your choice or renewal on a free program, plus free direct electronic filing.
- Full tax and accounting package customers will receive the 706, 709, 990 programs free as well as free direct electronic filing.

Your invoice shows the effect of the incentives including free programs taken in prior years and direct E-filing if applicable. Please refer to the notes on your invoice for details. Give us a call if you need clarification. TWPDFDocArk, TWOfficeManager, and Winpay are not available for free program selection.

REFER A FRIEND



Don't forget our customer referral bonus: Each referral from you that results in a new customer for Taxware will give you **\$100** off of your next year's renewal.

THE STATE OF RALS AND BANKING

This is always a touchy subject. It seems like you either love RALs (Refund Anticipation Loans) or you hate them. There are companies in the tax industry that have built their entire business model on RALs. First let me state that the following information is fluid and changing. Also keep in mind that I am **NOT** talking about other bank products and fee collect options. It seems like the various financial companies all seem to have different names for these products ERC, ERD, Fee Collect, etc. **These products are NOT in question and will be continued to be offered in the tax industry.**



Refund Anticipation Loans, however, may have seen their last tax season as of tax season 2010. Again the information regarding RALs is changing constantly. There are FDIC lawsuits currently in progress. Even with the RAL information as fluid as it is, we wanted to give you what information we have in summary form so that you could begin to be prepared and make changes to your business model if RALs are a part of that model.

First, the IRS removed the debt indicator for the electronic filing record. This is a key flag that the banks used for RALs to know if the government might be taking part of the refund and how much.

Next, this past tax season the FDIC sought and received a cease and desist RAL transactions on one of the major RAL bank providers. I will not mention their name here but they are NOT a bank that we work and integrate with. It doesn't take too long to search and find more information if you are curious.

With that and the debt indicator removed by the IRS as of the time this article is being written, banks in the industry are not planning on offering RALs for the upcoming tax season. If the lawsuit against the FDIC is won or a judge interprets the injunction differently then RALs may be offered by our banking partners.