***June 2012***

# Taxware Inc

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## Upcoming Taxware Tradeshows

We look forward to seeing you at various seminars and trade shows. Some of the dates haven't been finalized but below 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 breakout 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 provide a more personalized, non-intimidating learning environment so be sure to schedule time to visit one of these during the course of the trade show. We hope to have representatives from the following:

Refund Advantage

Advent Financial

River City Bank

ExamMatrix

## IRS Trade Show Dates

Orlando June 19-20 Booth 148

Atlanta July 10-11 Booth 260

San Diego July 17-18 Booth 371

Las Vegas July 31-Aug 2nd Booth 406a and Demo Room

Chicago Aug. 21-22 Booth 575

## Refer A Friend

**FREE**

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.

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# 2012 IRS Software Developer Conference

By Scott Dalton
Vice President Technology

RTRP Testing

Ghost Preparers

Identity Theft & PIN's

Fraud

The IRS hosted its annual Software Development Conference in Washington DC on Tuesday June 26th. A variety of technical subjects were covered but the conference also provided insight on a number of topics that directly affect you the tax preparer. Identity theft and fraud were at the forefront of this years conference. We hope the IRS covers these topics in detail at their upcoming seminars but if they don't or you are unable to attend here are some of the highlights of that discussion.

**RTRP Exam**

Tax professionals that are required to take and pass the RTRP test need to pass by the end of this year. They are granting continuing education credit to qualified test preparation schools and as an added incentive they are also going to include contact preparer information in a searchable qualified preparer web page on irs.gov. Everyone with a tax professional credential will be included so CPA's, EA's, and Tax Attorneys will also be placed in the searchable listing.

The IRS is going to crack down on what they call "Ghost Preparers." These are preparers joining service bureau type operations to file under a CPA or EA to work around the RTRP test. They are also going to start looking at the number of returns filed per EFIN without a paid preparer listed or a return selected as taxpayer prepared. We do need to be a little careful here and explain that it is acceptable to work under a CPA or EA But they are trying to compliance check any organizations stating preparers don't need to pass the test if they work with them.

**Relying Too Much On Software** One of the presenters shared a funny letter he received. The tax preparer didn't want to take the multiple choice test and said that 15 years ago he knew how to do tax returns and check them. Now he doesn't, he just simply keys numbers into his program and sends it off. He went on to say that if the IRS would change the test so that he could key the information into his program and send the IRS the tax return he would pass.

After the room stopped laughing at the letter this point was clear. As an industry we are relying too much on software. Tax professionals need to understand tax. Tax professionals need to understand current tax laws and check every return for accuracy.

**Late Tax Law Changes** The IRS wanted to remind us that this year we have a potential firestorm of late tax law changes. Expiring income tax cuts, expiring payroll tax cuts, expiration of extenders like AMT and education credits and a new debt ceiling debate make the possibility of an interesting start of this upcoming tax season a concern. It takes the IRS about 8 weeks to implement changes after a law is passed. This year to be as prepared as possible you might see more forms with things like "Line Reserved For Future Use" on them.

**Identity Theft IP PINS** The IRS is doing a lot of work in the area of helping clients that are victims of identity theft.

- First on the E-File front they are going to provide additional clearer text to their reject acknowledgment files if ID theft might be possible.
- For MFJ returns only the taxpayer will need to obtain an IP PIN (Identity Protection PIN) even if it was the spouse that was victim of ID theft. They also fixed a bug on their system working with those IP PINS.
- Improved replacement of a lost IP PIN. The replacement can now be obtained over the telephone either at IPSU or the IRS help desk.
- If a client believes they are a victim of identity theft they can now proactively register for an IP PIN prior to tax season beginning. This means that they don't have to rush to beat the fraudulent return filer.
- The IRS will notify the taxpayer that a potential fraud involving their tax account was detected and stopped if caught by their fraud check systems. This is a proactive notification to inform the taxpayer that they might be a victim of identity theft and may want to take further action which may include signing up for an identity theft management service.
- Last year 2.5 million returns where identified as fraudulent or ID theft related.

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## 2012 IRS Software Developer Conference Continued

### Refund Cycle

With fraudulent returns on the rise the IRS is making their back end validation systems more comprehensive. I am sure many of you noticed some variations in clients getting refunds deposited outside the normal refund cycle. Approximately 25% of the tax returns filed fell outside of the normal refund cycle.

To help reduce some of the call volume the IRS is re-designing the current refund cycle chart that is listed on their website. After hearing some of the discussion it will be interesting to see what the final chart will look like. The refund cycle chart may be replaced with some text that explains the approximate 28 day refund cycle.


A few years back  you could tell your clients with some fairly confident accuracy when they could expect their money to be deposited. Unfortunately, now the best way to know for sure is to make your client aware of the "Where's my refund" website.  The IRS is looking at ways to get some of the information pushed back to you after about a 72 hour period for future years but it won't be ready for this year.

### Other IRS Tidbits

Some other items that we thought you might find interesting:

There were over 100 million 1040 returns E-Filed last year.

They closed 5 paper processing sites.

The CAD2 system is fully implemented.

The new MeF system processes approximately 73 returns a second. This is fast but during the peak season tax returns will take a few hours to process acknowledgements.

IBM and Oracle are helping to develop  automated error reporting systems so that hopefully the IRS will be aware when their system goes down.  Currently all of us direct filers have been the primary notification system to let the IRS know the system is down.

In the tax year 2014 they are switching to a new portal which should bring increased stability to the MeF environment.

The IRS said they have had some confusion regarding the IP PIN. It is completely different than the regular signature PIN.

### Conference Final Thoughts

Like most conferences there were some good things brought out shared and discussed, and some items  that I would have liked to see addressed or thrown away completely. They did acknowledge that it was a rough year for them with call volumes up and some down the line system failures. Would I have loved for them to go into the whole E-File limited drain time fiasco? Of course! But this conference is about new information for the upcoming year so other than some brief mentions and awkward smiles I knew that we weren't going to go there.

Even though some additional processing time is required, I do think that the additional fraud and cross checking  is a good addition. It's sad that any of these measures are needed but they are and will need to continue to evolve and adapt. It might be a good idea to prepare your clients who are planning now for a refund on date X that their refund might be a few days longer. It might be a few days shorter also, we just don't exactly know anymore.

## E-File MeF Training Webinar

In our March 2012 newsletter we talked about starting Taxware MeF implementation training webinars and posting some training videos. Both are in the process of being worked on. We did want to schedule our first webinar for the new MeF process for July 10th at 10:00 AM Pacific time. If you would like to attend please register at www.taxwaresystems.com/webinarMEF_register.php Due to the limited number of spots available per webinar please limit one computer per office. Also, please only register if you are going to be able to attend. We will have additional webinars if needed.

We will cover both A2A and IFA transmission systems using a developer version of the 2011 tax system. We have tried our best to make the production, transmission, and tracking of returns as similar to what you are currently used to as possible. We think the learning curve will be very small.

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## Additional Support Tools

If you are not currently registered with the users section of our website we highly recommend that you register. This is a self registration process and you select your username & password. This gives you access to our message boards which are divided by program type. Questions are answered by us as well as other clients that may have insight on something you are working on 24/7.

Registering also signs you up for automatic email notifications and newsletters. If you received this newsletter via e-mail then you are registered. This was really a huge benefit to our clients last year. The IRS had a couple of issues with their servers last year and within moments we were able to send an email out to provide that critical information to you. We also made a couple of large programming changes that we were able to keep you in the loop about. We do not send very many e-mails but when we do it's important information we need to get to you quickly.

There is also an Updates area where updates can be manually downloaded. Even more important, it lists the latest version dates of each program so that you can easily verify that your program is current.

It may seem a little "old school", but we still use faxes for support. Having a visual copy of the form with your notes on what your concern is helps your support technician to be able to research and correct issues much faster. Of course if you prefer to scan your noted document and email it to us as a PDF that will work as well. Our dedicated support email address is support@taxwaresystems.com Our goal is to address your concerns as well as provide and update as quickly as possible.

## Welcome Katie Munday

Taxware is happy to have Katie join the team. She brings years of customer service with a great personality that I am sure you will all enjoy working with. Many of you will get to meet her at the upcoming trade shows. Come by and introduce yourself.