2003 Meeting Minutes
SB/SE E-File Issue Committee Meetings

- December 11, 2003
- November 13, 2003
- October 3, 2003
- September 11, 2003
- July 10, 2003
- June 7, 2003
- April 10, 2003
- March 13, 2003
- February 13, 2003

SB/SE E-Filing Issue Committee Meeting Minutes

December 11, 2003

Attendance

- Dick Bobb
- Darlene Bramon
- Mario Burgos, Chair
- Frank Claudman
- Helen Curol
- Sandy McQuin, Designated Federal Official

Program Owners

- Karen Taylor
- Terri Wedepohl

Note Taker

- Mary Ann Delzer

Roll Call/Welcome/Review Agenda
Burgos welcomed the members and reviewed the agenda.

Action Items

1. **Delzer to poll committee about new date via email.**
2. **Taylor to get campaign creatives to the panel for their review.**
3. **Taylor to prepare timeline for the TAP to review.**

Taylor reported on the activities completed since the last meeting. She and Wedepohl reviewed the timeline and feel they are on track. Wedepohl is working on the Q&As and gathering the existing materials. The draft letter is done. Will include a video CD with testimonials of how e-file grew tax

business. Also think the packet should include a colorful one sheet on the IRS e-file process and another with suggested processes on managing workload. These are meant to be a getting ready to use e-file, step by step guide.

Wedepohl reported on the redesign of the irs.gov website for the filing season. New this year will be an ad bridge. This will be placed on various other websites, pop-up ads to various customer segments. IRS was looking at usability of existing irs.gov. Now is a mish- mash. The new look will have four boxes, for four different audiences; individuals, businesses, tax professionals and software developers. Then for each segment, e-file and e-pay information will be available. IRS is using a contractor to do a usability study.

Taylor asked about timing of the face to face meeting. Would committee prefer to meet in February and see product before goes to OMB and focus group or wait until later in the process. Taylor also gave the alternative of using email to go over the products before they go to the focus group.

McQuin asked it the web site design of the E-File Made EZ product will be able to be shared. Is February a good time to see the products?

Taylor stated the website will be done, and the ad bridge will be done. All will be redesigned and up by start of the filing season.

Bobb and Bramon shared their concern that the TAP should add value to the review process. Shouldn't TAP see before goes to the focus group?

Burgos stated that group has had not much success viewing things electronically. That has not worked well in the past. The TAP would have appreciated access to the ad company's website to view draft products. If IRS is going to use a focus group anyway, will TAP add value, or in light of the budget, should we fore go face-to-face?

Taylor stated that she saw getting together important as this has been a joint effort developing the marketing package. IRS really does want TAP input. Should meet before the product is tested

Bobb stated that TAP should give input to the product sooner than later. Bramon stated that TAP input would be limited after the focus testing was done.

Burgos led the discussion about the meeting dates. Claudman requested that the majority of the travel time, meeting time, be on a weekend. Preference will be to travel on Saturday, February 21, meet Sunday, February 22 and return home Monday, February 23.

ACTION: Delzer to send out email with this meeting proposal with a Monday, December 15, 2003, due date for objections.

Office Report
McQuin reported that she is back in the Milwaukee office as manager.

Curol requested that Delzer include the phone number for the conference calls in the body of the email, when sending the agenda.

Closing/Assessment
Burgos complimented Taylor on the timeline and the way IRS is keeping to it. He also complimented Wedepohl on the fact she will show the E-file Made EZ product in February. Burgos proposed the cancellation of the January and February conference calls, in light of the proposed face-to-face

meeting in February. Wedepohl suggested that if she has something to share sooner, she can do so by email.

Karen asked Claudman and Cain about availability for a conference call on Wednesday, December 16, 2003, for tax professionals on the TAP. Looking feedback on how/when their offices/practices became electronic.

ACTION: Taylor to send to Delzer conference call information.

Since only two responses received to the last meeting assessment, instrument will not be sent out for this meeting.

SB/SE E-Filing Issue Committee Meeting Minutes

November 13, 2003

Attendance

- Dick Bobb
- Aimee Brace
- Darlene Bramon
- Mario Burgos, Chair
- David Cain
- Frank Claudman
- Helen Curol
- Howard Perkins
- Marge O'Brien, Designated Federal Official

Program Owners

- Karen Taylor

Note Taker

- Mary Ann Delzer

Roll Call/Welcome/Review Agenda
Burgos welcomed the members and reviewed the agenda.

Action Items

1. Delzer to send email to the committee to solicit location ideas for the January meeting. Responses due to Delzer by Friday, October 10, 2003.

Delzer explained the meeting date will need to be changed as she has a conflict with the dates chosen and her back up is also unable to attend.

ACTION: Delzer to poll committee about new date via email. Response due by 11-21-2003.

2. Taylor will use TAP as the focus group for the agency creatives. She will make the appropriate arrangements and follow-up with the committee by Friday, October 10, 2003.

Taylor --Ad firm did do creatives presentation involving two concepts shown to the executive committee. Have a council with members from the Operating Divisions to look at e-file marketing products. They did give their opinions as which one they think worked the best, however told agency to use focus groups. So testing will be done.

Problem is how to do that with TAP. Usually do it in a group setting. Working on how to share the story boards and the commercials with TAP. Particularly how to do it on a call. Have two different creatives that IRS would like reaction to. I will follow-up how soon. Perhaps a few volunteers could do a separate call. Maybe can send stuff and then poll your reaction to it.

Brace Sooner the better, even if mailed and have a call.

Taylor-The firm has a website password protected. They would not commit allowing the committee to have access to the site. Asked them if we can hardcopy or email and so you could see the two campaigns and see which would resonate with you.

Brace - Other concepts?

Taylor - Also have a public relations firm on contract. They are also developing other products: practitioner video, ERO spotlight, Fed/state program, articles with a Terry Lutes byline. I think practitioner video would fit into our package. Video shows how practitioners have incorporated e-file in their business. What would you prefer, VHS or CD?

Frank--CD

Taylor --Draft of video available. Did interviews at the Nationwide Tax Forums.

ERO Spotlight will be done once a month and highlight an ERO who has been successful in incorporating e-file in their business. Doing the interviews right now. Using names received from the field force. Also looking for ERO who use EFTSP.

Small Business Administration video news release will be done again this year. SBA executive and Bobby Hunt. Will showcase e-file for small business owners. Should be ready in January.

Fed/state program will work with state departments of revenue. Take e-file information to the states and coordinate programs with them.

Bylined articles strategy is to send out a synopsis to newspapers and magazines in hopes of landing a feature. Currently promoting modernized e-file, including Forms 1120/ 990. If like the article, then will the write the articles. Enrolled Agents Journal will highlight in January magazine. Next will be business e-file and Dale Hart.

National photo opportunity strategy to have a billboard on the lawn of the IRS building at 1111 Constitution Avenue. Would have been a counter that showed how many e-filed. DC would not allow.

On irs.gov have an electronic press kit. Available for the press to put in use in newspapers/magazines.

Currently, Wedepohl working on ad bridge for the web. This site will market e-file with a site that is not IRS. A unique url: aboutefile.com. Cover page with marketing messages that will link to irs.gov. Complaint too many clicks to get what want, so changing the url on the marketing items. You can look at that and let me know what you think.

ACTION: Taylor to get campaign creatives to the panel for their review.

Brace - Need update on the letter prepared to send to v-coders.

Taylor - Should go out to everyone to see. Need to determine if want to include the video. Wedepohl is working the myths Q/As and that is not quite completed.

Brace - Would like to see the whole packet at one time for comments.

Mario -What is the timeline for that?

Taylor -End of the filing season. Now practitioners are too busy. Need to target closer to the end of April and the get them ready for next year.

Mario - My real concern was our look at it. That timeline.

Taylor - With production time, mid-January.

Darlene - What about getting it out this tax season?

Taylor - Problem is application process has changed for 1040 and all business e-file. Currently a paper backlog. Can not drive more applications right now. Andover has 1000s and need time to process those.

Bramon - Do practitioners go on vacation on April 15?

Taylor - When would they prefer? What time is good for business?

Cain - April 15 is ok, but May 1 would be better.

Bobb--Between now and the middle of December

Claudman - Agree now better, but we need to get done when we can. Practitioners may read later, but not do anything with it.

Taylor - Would be great if we could advertise the Tax Forum dates. Could be added information to look forward to the summer/fall.

Bramon--Want it out when it is most effective.

Bobb--Fall the best time of the year.

Taylor - TAP wants to be effective going into the second year. TAP wants to see the delivery of the product.

Delzer - Still planning on doing a test group.

Taylor - Would be difficult to mark and see if they did respond. Monitor the group and see if it has been effective. Use focus group and look at it. V-coders look at how the packet is received.

Cain--Sample of the packet with a certain number of people in the beginning. Cancel if not worth doing it.

Taylor --Could add some items and still go forward with what works.

Burgos --Packet done in February. Focus group by May 1, 2004 .

Taylor - Have inside research so we can figure out the focus group.

Dick- Focus group would be good before thousands are mailed.

Mario-Target dates?

Taylor- I can put timeline together and then the committee can react.

Burgos - Committee can give input in the next few weeks.

ACTION: Taylor to prepare timeline for the TAP to review, due 11/21/2003.

3. Delzer to send out to committee, Made EZ outline for response due Friday, October 10, 2003.

Burgos - Committee has sent comments to Wedepohl

Taylor - Wedepohl not able to be on the call and so do not have an update.

Outreach Report
Decision was made to eliminate from the agenda. Members to report outreach in their Area committees.

Office Report
Delzer reported that she has a conflict on the January date chosen for next face to face will meeting.

ACTION: Delzer to send out new dates as options for a face to face meeting. Answer due Delzer 11/21/2003.

Delzer introduced Marge O'Brien, the acting TAP manager in Milwaukee. Delzer also reported that a new TAP analyst was chosen in the Brooklyn office, Audrey Jenkins. She will begin work for TAP soon.

Closing/Assessment
Bramon commented on all the good work that has been completed. Curol asked about how the focus group members would be chosen. Will this be a cross section of the country? Taylor reiterated that the research is available on the high volume v-coders and they are across the country.

Assessment instrument will be sent via email by Delzer.

Next conference call Thursday, December 11, 2003 at 3 p.m. E.T.

SB/SE E-Filing Issue Committee Meeting Minutes

October 3, 2003
Washington, D.C.

Attendance

- Dick Bobb
- Aimee Brace
- Darlene Bramon
- Mario Burgos, Chair
- Lydia Brasch
- David Cain
- Frank Claudman
- William Gedge
- Patrick McCombie
- Howard Perkins
- Nancy Sitzberger, Designated Federal Official

Program Owners

- Karen Taylor
- Terri Wedepohl
- Phyllis Grimes

Note Taker

- Mary Ann Delzer

Roll Call/Welcome/Review Agenda

Introductions
Since two new members joined the committee, the group made self introductions.

Election/Confirmation of Chair/Vice Chair
Burgos was re-confirmed as Chair. Brace was selected as Vice Chair.

Annual report/Self-assessment
A discussion was held around the development of the annual repot/self-assessment.

For the Purpose/Scope section, will use Taylor's description of the committee.

Issues Under Consideration:

- E-File made EZ
- Marketing to V-coders to encourage e-file

Lessons Learned/Disappointments:

- Timelines were not established early by the committee. This would have helped the committee meet goals sooner.
- Loss of committee members due to resignations did hamper the committee form completing work.
- Members lack of meeting attendance also hampered the committee completing its work.

Overall Grade-8

Meeting Schedule for 2003-2004
The committee will continue to meet the second Thursday of the month at 3-4 p.m. ET.

It was decided that a full committee meeting should be held each month.

- November 13, 2003
- December 11, 2003
- February 12, 2004
- March 11, 2004
- April 8, 2004
- May 13, 2004
- June10, 2004
- July 8, 2004
- August 12, 2004
- September 9, 2004
- October 14, 2004

Proposed face-to-face meetings:

- January 10, 2004. Travel days will be January 9 and January 11, 2004.

ACTION: Delzer to send email to the committee to solicit location ideas for the January meeting. Responses due to Delzer by Friday, October 10, 2003.

- July 17, 2004. Travel days will be July 16 and July 18, 2004. Location to be determined.

Taylor will be looking for feedback on the materials, the 2004 creatives which are part of the media plan for next filing season. Will need TAP input on the creatives in advance or draft form. The agency will be doing focus groups. Unfortunately last year the time table was too short to share the creatives beforehand. No time for focus groups or testing last year. Taylor will have the agencies timeline soon.

Burgos shared the committee's interest in seeing the new creatives. Would like to have materials ahead of time; video and story boards and use the phone to discuss.

ACTION: Taylor will use TAP as the focus group for the agency creatives. She will make the appropriate arrangements and follow-up with the committee by Friday, October 10, 2003.

Gedge-Does the IRS approve e-file marketing by the software companies?

Taylor-The companies just need to follow certain guidelines for using the e-file logo. Joint marketing done for e-file as all the 1040 filers as are the same practitioners as well. Really can not separate the W&I and SBSE practitioners as most do all different types of returns and use EFPTS.

Bramon-Taxpayers and practitioners want all returns included in software product.

Taylor-Software developers are working to bundle all software. In mid February will have 1120 and 990. Currently, 99% of the 1040 has been completed.

Brasch- Is IRS software available?

Taylor-IRS does not compete with private industry. IRS has specifications that must be followed. EFTPS is free software offered by Treasury.

Brasch - Has IRS ever looked to computer companies to bundle tax software and put it right on the operating system when you buy a computer?

Grimes - Thanks to members of TAP. IRS needs TAP help to get the SBSE filer to e-file. Need TAP help to determine how IRS can enhance the electronic system and market to the SBSE filers. Would like to join November call. In the future, would like TAP input on e-payments?

Taylor - Electronic services for taxpayers is discussed in the survey handed out. Need to know what services taxpayers really want? Please be sure to complete and turn in.

Sub-Committee Reports/Review

- **E-File marketing to tax professionals**

Reviewed the action plan that was developed.

Brace - Goal was to send test packet to a test group of v-coders.

Taylor--Case study is being written. Agency was going to do for us through interviews done at the Atlantic City and Atlanta Tax Forums. Looking for material to write on EROs that have built e-file into their business models. Agency developing an ERO Spotlight, to be issued once a month. Also looking for local teams to develop contacts to get names for future stories. Will share the draft of the ERO Spotlight with the committee. Need also to remember, however, that committee does not have to be constrained by what the agency produces. Will also share the draft Q&A document.

Timeline:

Cover letter to be completed - Brace

Determine number of people to mail to-November meeting

Focus groups-Taylor will look at 2004 research plan to determine what the agency has been contracted to do

- **E-File Made Easy**

Burgos-Can IRS make the final product?

Claudman-The outline is completed. It is divided into sections. Each member took a portion of the outline to do the research and bring together to produce the whole product. Included hotlinks to take you to the topic, form, the information you need.

Burgos-Not realistic to think subcommittee could write and create the final product. What can the volunteers do to help now finish the product?

Taylor - IRS now has the outline and feedback on that outline. We need TAP to review the product as the work goes ahead.

Burgos-Need to establish timeline with mile stones.

ACTION: Delzer to send out to committee, Made EZ outline for response due Friday, October 10, 2003.

Burgos-Updating the action plan and the product falls to Wedepohl to develop.

Wedepohl-Most of the product already exits and so just need to pull it together and make it look nice. As product is produced, will send out updated links for comments.

February 2004-Strawman created. Will integrate a survey mechanism.

June 2004-Product launch

Closing/Assessment
Assessment results will be emailed by Delzer.

Next conference call Thursday, November 13, 2003 at 3 p.m. E.T.

SB/SE E-Filing Issue Committee Meeting Minutes

September 11, 2003
3:00 p.m. EDT

Attendance

- Aimee Brace
- Darlene Bramon
- Mario Burgos, Chair
- Helen Curol
- Howard Perkins
- George Pruchniewski
- Judi Nicholas, Designated Federal Official

Program Owner

- Karen Taylor

Note Taker

- Marla Ofilas

Welcome/Announcements/Review Agenda
The committee chair, Mario Burgos welcomed the committee members and Management Assistant, Marla Ofilas, took roll call. Seven members were available on the call including the Designated Federal Official. At this time a quorum was not met but because 3 members resigned from the panel. The committee adjusted their quorum ratio as per the agreement made during the TAP Orientation. (50% plus one)

Judi gave a brief explanation of the recruiting process for new members to replace the members that resigned. The names of alternates have been submitted to the Department of Treasury. TAP is waiting for approval so invitations to the annual meeting could be sent to the new members.

Sub-Committee Reports/Review
Mario began the next topic on the agenda. He introduced the sub-committees and asked the sub-committee chairs to report out on their issues.

- **E-File marketing to tax professionals**

Karen and Aimee, with the e-file marketing subcommittee, explained that they had a conference call and discussed what the latest status was and where the committee was based on their meeting in June. They were able to lay out their plan for going forward on the e-filing marketing to tax professionals. They reviewed what they felt the next step would be. They also reviewed the notes from the June face-to-face meeting.

Karen reviewed the case study work. She explained that the advertising agency was preparing to go to two of the nationwide tax forums this summer and talk with tax professionals who have successfully incorporated e-filing into their business practices. One thing that the IRS hears from the tax professionals who are not e-filing is, e-filing does not make sense to me, my clients don't ask for it, or it's too expensive. IRS is trying to figure out ways to convince them that e-filing is going to save them money and is the right thing to do.

Karen continued to explain that she received a project overview from the communications and liaison office, in the IRS, that the advertising company is calling ERO (Electronic Return Originator) Spotlight. Although the advertising company did attend 2 of the tax forums they are still in the process of putting together the case study material. Karen was able to share with Aimee what the ERO was about. ERO is talking to those electronic return originators who have successfully incorporated e-filing into their business practice and highlighting them and sharing with other practitioners on how to go about doing it.

Karen reviewed the campaign for 2004. Over the summer a statement of objectives was written. Which are the IRS high-level objectives of where SBSE would like to go with e-file program for 2004. It's a combination of SBSE objectives and the W&I objectives because they share the same e-filing campaign. Karen explained that they are not at the tactical level yet but should be within the next few weeks. One of the key deliverables out of this campaign will be ERO spotlight.

E-services are another program that maybe offered. These are incentive program that will be given to electronic return originators that filed greater than 100 electronic returns. Karen explained that they're contacting professional and explaining to them that if they want these incentive products, like electronic account resolution or transcript delivery, they are going to have to start filing electronically or they won't receive access to e-services. The first step is going to be a registration process. The second will be the actual incentive program. This will all be added to the campaign.

The Mythologies Q&As that Terry Wedepohl is working on, has completed much of the work. Karen explained that the Mythologies Q&A packet will be pulled together and a lot of the work is in various stages and with various people but will be able to be pulled together and put in one attractive package.

Mario introduced Aimee and she began to explain the subcommittee work and their responsibilities. They have identified that there was a lack a participation in e-file by practitioners. All of the data and information that the committee had requested from Karen has been provided. There's one area that Aimee felt needed more work, Regional Trends. Aimee does have the data that was requested and she is requesting items from John Hollingsworth, committee member. The subcommittee does have the data collection completely done and is now working on the Q&As. Aimee continued to review the next steps that was developed from their previous meeting.

- The case studies are in process.
- The Q&A form to why people don't want to use e-file is almost completed.
- The committee is looking into cost to advertise in business journals.
- Karen and Aimee will be putting together a sample packet of what they will be handing out to v-coders or focus groups. This will include:
    - Statistics
    - Q&As
    - Information on v-coding
    - Information on becoming authorized filers

Mario was asked in a different meeting why the committee was interested in having the regional trends. Aimee explained that in some parts of the country based on where the tax prepares were educated, or based on internet access or based on economics, there maybe a reason why some parts of the county people e-file more than others. There may be a possibility that there's a trend that some parts of the country don't e-file and the committee should focus on that part.

Karen, Aimee and Mario continued to discuss the focus of this subcommittee group.

- **E-File Made Easy**

Terry Wedepohl has been working with Tim on this project but since Tim is no longer a part of the panel Karen has asked if someone could step in as chair for this subcommittee. Mario agreed.

Karen explained on behalf of Terry that Tim had set up a website but is not sure if this could be maintained since Tim is no longer part of the panel. Helen felt that this was a great committee. Since she was not assigned any tasks, she was unaware of the steps that have been taken.

Mario will be attending an Area 6 meeting in Las Vegas and will locate Terry regarding the steps that have been taken and items that are pending regarding E-File Made Easy.

Mario felt since Tim is no longer on the panel that this subcommittee will need to rely on Terry, Portia or IRS staff to help write the review so E-File Made Easy can have an active input.

Annual Report/Annual Meeting Presentation
Mario asked Aimee if she would be available to make a presentation during the TAP Annual meeting on E-file Marketing. Aimee agreed and asked for input from the committee. Judi confirmed to Aimee that there would be power point available to use for her presentation. Aimee will send the presentation to Mary Ann Delzer to have presentation ready but will provide a disk during the meeting as a back up. Aimee has also agreed to share the presentation to the members before the annual meeting and requested that the committee provide input.

Mario asked Judi if she would be able to send out the agenda for the annual meeting to the committee. Judi agreed but notified the committee that this is a draft and the agenda is still work in progress.

Outreach Report
Committee did not have information to report on regarding outreach. Mario explained to the committee that he will need to submit a report that sums up the activities of this committee. He asked the members if there was anything they wanted to add regarding outreach and comments regarding IRS and staff support to send him the information.

Review Action Items
Mario reviewed action items:

- Aimee will work on her presentation and send it to the committee for comments and suggestions. She will also send it to Mary Ann Delzer to have the presentation downloaded on to power point. Aimee will provide a back disk.
- Mario and Darlene will try to locate Terry while in Las Vegas during their Area 6 face-to-face meeting to discuss E-file Made Easy.
- Mario will turn in the annual report that is due October 1 st . Mario is asking the committee members to send him comments they feel should be added to the annual report.
- Judi will email a copy of the annual meeting agenda.

Mario asked the committee if there were any additional comments. No there were no additional comments and Mario thanked everyone for attending the meeting.

Taxpayer Advocacy Panel
IMPROVING THE IRS

SB/SE E-Filing Issue Committee Meeting Minutes

July 10, 2003

Present:

- Dick Bobb
- Darlene Bramon - joined late
- Mario Burgos, Chair
- David Cain
- Helen Curol
- John Hollingsworth
- Tim Jarrell
- Patrick McCombie
- Sandy McQuin, DFO

Absent:

- Aimee Brace
- Frank Claudman
- Howard Perkins
- George Pruchniewski

IRS Program Owner:

- Karen Taylor
- Diane Geraghty
- Terri Wedepohl

Staff:

- Mary Ann Delzer, Analyst
- Patti Robb, Note taker

Quorum Met

Welcome/Announcements/Review Agenda
Jarrell chaired the meeting for Burgos.

Review/Approve Minutes
Minutes approved via email and are posted to TAP Speak.

Public Input
None.

Sub-committee Report Out

- E-File Marketing to Tax Professionals

Burgos reported for committee. Taylor has done an awesome job. She sent out a lot of information - almost everything asked for during the Atlanta. (See Attachment One)

Geraghty - What exactly did you want in the regional breakout? Would you like this broken down by all seven regions or by state?

Burgos - The question here is do they hit print instead of send?

Delzer - Are you considering having two marketing strategies? Having case studies for rural and urban.

Burgos - Taylor will help develop the marketing package. We want it to go to a relevant number of practitioners. We need to go according to budget limitations.

Bramon - If IRS already identified preparers that use software to prepare returns but don't file electronically (V-coders), why can't the IRS send them a letter inquiring why.

Delzer - If you review the minutes from the Atlanta meeting, you can see the Action Plan for this committee and see the marketing plan that is proposed.

Geraghty - Do you want a list of all V-Coders or only the V-coders who filed only on paper?

Burgos - V-coders who filed paper returns. How are we doing on our timeline?

Taylor - Just got back from Atlantic City Tax Forum. Ad agency looked at the Exemplary ERO program to look for possible case studies. Should get some proposals from them in regard to the case studies in a week to ten days. We are on track.

E-File Made Easy
Jarrell reported that the sub-committee has met since the Atlanta meeting. Sub committee using MSN Share Web for their committee work. Having some technical problems but will re-send web address to rest of committee eventually. The draft outline of the proposed web pages is on this web site. (Also in minutes from last meeting). Sub-committee would like comments regarding the outline. Should be able to download comments from this web site. Will share the comments by the end of the week.

Bobb - Was out of the country for the last month. Would like to join one of the sub-committees.

ACTION: Delzer to send Bobb information related to E-File Made Easy committee

Outreach Report
Hermann-Pariente - Met with the El Paso Newcomers Club on June 11.

Bobb - Met with North Carolina Society of Tax Practitioners. TAP can use them for survey or testing if necessary.

Action Items
All action items from the June meeting have been completed.

Delzer thanked Taylor and her staff for their wonderful support in providing the research the panel requested.

Office Report
McQuin said the Annual TAP meeting is scheduled for October 2-4, 2003. Travel dates are October 1 and 4. The meeting ends at noon on October 4.

Burgos - Are there any agenda items for the Annual TAP meeting the rest of the committee would like to see? Forward to Burgos before the Joint Committee meeting next week - Tuesday, July 14. He will raise them at the JC meeting.

ACTION - Delzer will begin to forward the E-File monthly reports to the committee.

Next conference call is September 11, 2003, at 3 p.m. EDT.

Meeting adjourned.

Attachment One

Request Number: BMF-2003-051

Question: Using the SPEC/TEC 2003 Preparer Database please determine the following:
Of the V-Coded returns received (for the latest year ETA has information for: Processing Year 2002), how many were prepared by tax professionals? Once the number of V-Coded returns by tax professionals is determined, provide the count of V-Coded returns by tax professionals who prepared Form 1040 returns in a breakout determined by ETA.

V-Coded returns Self-Prepared	V-Coded returns with a Preparer ID	**Total V-Coded returns for PY 2002**
10,737,091	36,009,147	**46,746,238**

Forms 1040 Category	**Number of Preparers**	**V-Coded Returns Prepared**
1-49 Forms 1040	943,317	2,797,486
50-99 Forms 1040	59,920	2,239,236
100-199 Forms 1040	62,337	4,320,240
200-499 Forms 1040	60,681	9,947,037
500 or more Forms 1040	30,242	16,705,148
Totals	**1,156,497**	**36,009,147**

SB/SE E-Filing Issue Committee Meeting Minutes

June 7, 2003
Embassy Suites Hotel Atlanta-Buckhead

Present:

- Aimee Brace
- Darlene Bramon
- Mario Burgos, Chair
- David Cain
- Frank Claudman
- Maria Hermann-Pariente
- John Hollingsworth
- Tim Jarrell
- Howard Perkins
- Doreen Scott

Absent:

- Dick Bobb
- Helen Curol
- Patrick McCombie
- Michelle Nelson
- George Pruchniewski

IRS Program Owners:

- Karen Taylor
- Terri Wedepohl

Staff:

- Sandy McQuin, DFO
- Mary Ann Delzer, Analyst

Welcome/Announcements/Review Agenda
Burgos opened the meeting by thanking all the members for taking the time to attend the meeting.

Roll Call
All members introduced themselves.

Review/Approve Minutes
Minutes were approved as prepared. By consensus, minutes approval process updated. Delzer will post draft minutes to TAP Speak. Comments or corrections are to be made within 15 days, or the minutes will be accepted as prepared. Delzer shared that she has posted all the previous agendas, minutes and the committee roster on TAP Speak.

Issue Owner Report
Taylor shared the handout she had prepared for the meeting. (See Attachment One)

Taylor reviewed the SB/SE taxpayer base. W&I taxpayers have embraced the use of e-file at a higher rate to receive refunds more quickly. This committee will focus on the 1040 population who file the C, E, and F. Taylor has put together some questions to be asked when the members are out in the community talking to local tax professionals. IRS does use a major ad firm to develop marketing materials. Still need to get to more tax professionals to add e-file to their business model. The problem is 40 million use software to prepare the return and then print it out and mail. Professionals do not realize the possibility of errors as the data is keyed. IRS does advertise e-file offers accuracy and an acknowledgment. Need to determine what benefit these professionals want. Hoping the introduction of the new "e-services," available to Electronic Return Originators (ERO) only, will be seen as a benefit.

Phase one of the project is to look at the barriers and get behind them. For instance is the problem the time it takes to key in the W-2, the signature documents, F8453 or F8879 PIN authorization. IRS needs the perjury statement but a faxed signature is permitted.

Burgos--Misconception that need original signature.

Wedepohl-This is a barrier if that is the perception.

Taylor-IRS looking at impediments in new legislation. For instance if a new form is being developed, is a signature really needed? Also looking to the software developers to work to build a "suite" for small businesses that includes all they need, 1040, 940, 941, etc.

Burgos-We have two preparers on the committee, Frank and David.

Cain-I prepare my returns 100% e-file at no extra charge to the customer.

Taylor-Most preparers now add e-file cost into their price.

Wedepohl-Many taxpayers think the Refund Anticipation Loan fee is the cost to e-file.

Burgos-Many don't e-file because the forms they use are not available.

Taylor-Actually there are only four or five forms that cannot be e-filed, but they are rare.

Wedepohl-Publication 1345A has that information for reference.

Hermann-Check done for identification number?

Taylor-E-file - all checks are done up front. Return will reject if there is a mismatch in the name, SSN or date of birth. ERO can correct the error and re-transmit. Advantage is less notices go out. When preparers give taxpayer a paper return, they may see they have less of a hassle for no rejects when the taxpayer files on paper.

Bramon-Limits to the number of schedules attached?

Wedepohl-Some limitations. See Publication 1345A. Publication 1346 contains the file specifications and record layouts. Some software companies do not incorporate all the options that are actually available.

Taylor-No direct filing available with the IRS and so we are dependent on the software developers, third-parties. All approved providers listed on irs.gov.

Bramon-For software developers, some schedules are not profitable. How can IRS make it more cost effective?

Wedepohl-Most have a line of products. Preparers purchase according to their clients' needs. Some may need to purchase more options to fit their clients' individual filing needs.

McQuin-Need to educate practitioners about what software to purchase. Some are confused and believe the IRS develops the software.

Wedepohl-It is true that some blame the IRS, when actually they did not purchase the correct software they need. Purpose of the Tax Forums is to help educate them and let them shop around.

Taylor--There are six Tax Forums in six cities beginning mid-July to mid-September. Many software venders and seminars on various issues are offered at each of the Tax Forums. Detailed information can be found @ http://www.irs.gov/taxpros/article/0,,id=97192,00.html

Jarrell-I will be attending the Tax Forum in Atlanta representing TAP.

Cain-Concern is that there are two different procedures for paper and e-file. For instance EIN/W-2 mismatch. No match on a paper return so why have that standard for e-file?

Taylor-Office of Burden Reduction is looking at that issue. Why should the systems be different?

Wedepohl-Less than 1% error rate on e-file. Looking for potential refund fraud. With e-file refunds can be issued in as little as nine days. If fraud suspected on a paper return, they can take the return out of the pipeline. With EITC have found fraud with W-2s.

Burgos-EITC fraudulent 30% of the time.

Wedepohl-Paper returns have the potential for more problems than e-file.

Cain-The processing of a paper reruns return filed on April 15, since IRS does refunds first, takes 8 weeks. Balance due returns processed later. Why not give the e-file returns a later due date?

Taylor-Was a legislative proposal to extend e-file to April 30. Did not pass the last Congress. Also included allowing any tax due to be paid on April 30 if the payment is made electronically.

Cain-Would help prepares and give an incentive to some to e-file with the extra 15 days. Would be an incentive.

ACTION: Taylor to research if this provision had been reintroduce to this Congress.

Burgos-With F 8879 and 8453, can IRS move to no requirement to for a signature?

Taylor-Burden Reduction is looking at requiring anything extra for e-file. There are some requirements for items that need to be mailed in, even if IRS experience has shown the items are rarely looked at.

Burgos-How is IRS using the market research?

Taylor-IRS has Office of Research and two marketing databases. Information is taken from the tax return; who filing, number of returns e-filed. Do look at the trends. Also research on satisfaction with

the process. We are currently performing an analysis of what additional research we should do. Have found in IRS survey that employees do not promote the advantages of e-file.

Brace-You mail information to tax professionals?

Taylor-The blue packet of materials is sent to EROs to help them increase their business. Field force makes visits to show the benefits of e-file to those not using the program.

Hermann-Why not send the packet to these practitioners?

Wedepohl-Cost. They packet is geared toward the current EROs. Many local offices offer e-file seminars for the beginners and explain the application process. E-file seminars are also offered for experienced EROs to advise them of changes and help them increase their business.

Burgos-the literature is good from a marketing standpoint. Should do a cost benefit analysis to blanket mailing. One on one must be more expensive that developing some kind of packet.

Taylor-Thank you. ERO packet a nice product. We know that we need a "how to" guide. Research shows awareness of e-file high but need next step.

Cain-Have heard "8007," need get to 80% by 2007. If paper only 20% of the market, that should be incentive enough. If don't e-file will be out of business.

Wedepohl-This season three million people used Free File. So far, self prepared e-file has grown by 27%, while ; preparer e-file has grown by 10.5 %. If appears more people are choosing to prepare and file their own returns electronically. However, our research tells us SB/SE taxpayers use practitioners 80% of the time. Below is an excerpt from http://www.irs.gov/pub/irs-soi/02ifssct.txt.

2003 FILING SEASON STATISTICS

Cumulative through the weeks ending 6/7/02 and 6/6/03

	2002	2003	% Change
Individual Income Tax Returns:			
Total Receipts	123,571,000	123,093,000	-0.4
Total Processed	117,842,000	117,730,000	-0.1

E-filing Receipts:

TOTAL	46,318,000	52,105,000	12.5
TeleFile (phone)	4,171,000	4,020,000	-3.6
Computer	42,147,000	48,085,000	14.1
Tax Professionals	32,844,000	36,287,000	10.5
Self-prepared	9,303,000	11,798,000	26.8

Refunds Certified by the Martinsburg Computing Center:

	2002	**2003**	**% Change**
Number	93,624,000	93,989,000	0.4
Amount of principal	$180.761billion	$184.768 billion	2.2
Average refund	$1,931	$1,966	1.8

Direct Deposit Refunds:

Number	39,087,000	$43,559,000	11.4
Amount of principal	$91.284 billion	$102.190 billion	11.9
Average refund	$2,335	$2,346	0.5

Cain-Had many calls from clients call looking for help as not able to determine what they qualify for. Some taxpayers still really need help in filing. (referring to the Free File Alliance program).

Hollingsworth-Need to educate academics. Preparing those looking to be tax professionals of the future.

Taylor-Taxpayer Education and Communication (TEC) looking to do outreach with educational institutions.

Hollingsworth-Great to have booth at academic conferences and talk to accounting professionals. Need to look at this market. Attract new students to the products. Start them using electronic filing.

Taylor-With Electronic Federal Tax Payment System (EFTPS) can use the system if they only make one payment a year. Now when application done for EIN, employers receive one FTD coupon and are pre-enrolled for EFTPS.

Wedepohl-Have added e-file and EFTPS questions to the Enrolled Agents exam... One way to have practitioners learn more about e-file.

Burgos-Seem to have a process to increase awareness. Already surveying and know the barriers. Need to try some solutions and see if have results. Why do more surveying?

Wedepohl-This is an ongoing process, the 18th e-file season. Need to see if behaviors are changing and if the marketing is changing these behaviors?

Burgos-Will our surveys be statistically valid?

Taylor-Would be qualitative research, like a focus group. Would be valuable.

Cain-IRS sends tax packets to people who file every year. If going to send forms, need to send information about e-file.

Taylor-Have looked at that and have added e-file information/logo to the packets.

Wedepohl-Have found many never open forms and just take them to their preparers.

Burgos-Need to discuss Karen's email and see if the committees' recommendations/ questions have been addressed.

See Karen's e-mail below:

Hi, everyone,

I would like to first thank everyone for the time and effort spent on the issue raised in October -- How to more effectively market e-file to the Small Business/Self-Employed (SB/SE) Taxpayer and encourage more tax professionals to enroll as Electronic Return Originators in order to increase e-filed returns. One of the things that we have heard over and over from industry is we need a "how to" guide. We have heard that awareness of our e-file programs is high but tax professionals (and taxpayers) may not know what to do in order to participate in the programs. I agree with Mario's statement below that the how to project is moving along well and will result in a completed deliverable that my office can have printed and distributed.

I discussed some ideas with Mario and the others on the call last Friday to redirect our focus away from the business e-file area to the 1040 area. We have approximately 33 million 1040 filers in the SB/SE area who file the Schedule C (Profit or Loss from Small Business), Schedule E (Supplemental Income and Losses), and Schedule F (Profit or Loss from Farming). More than half of these taxpayers use tax professionals and the rest prepare their own returns. I am suggesting that we focus on these two groups to delve further into the barriers (real or perceived) and try to get behind the barriers to offer recommendations/solutions. I am currently fleshing these ideas out and will send you more information by the middle of next week in advance of our trip to Atlanta.

Thank you to the e-file Marketing to Tax Professionals Sub-Committee. I appreciate your recommendations. We will continue to make available the IRS marketing material for tax professionals. Actually those materials are only sent to those tax professionals who are e-filing

returns. They are intended to assist the tax professional in building/marketing their business within their community. The second suggestion regarding adding another sheet to the packet to describe the common myths about electronic filing would not be appropriate for that material since it is only mailed out to those already in the program. However, that type of material can be made available in a mailing to tax professionals who are not participating in the program. We will continue to advertise the benefits of e-filing through tax forums and other outreach efforts and, we do provide recognition for one tax professional in each state each summer at our IRS Nationwide Tax Forums. These "Exemplary EROs" gain this distinction by filing a large percentage of electronic returns in comparison to their total volume of returns with a very low error rate. We are also working on providing e-services to those tax professionals who file 100 or more e-filed returns.

I will absolutely take on development of the agenda for each monthly conference call. I was under the mistaken impression that developing the agenda was one of Mario's roles. I absolutely agree that the agenda is supposed to revolve around the strategic issues that my office brought before the committee and I am ultimately accountable for.

Again, I will send some pre-read material out to all of you by the middle of next week and I look forward to seeing you in Atlanta on June 7th.

Karen

Brace-Many ideas this morning. Like the idea to push with the academic community. IRS needs plan to reach the tax professionals who V-code. Not sure what list of approved software means?

Taylor-Means passed acceptability only.

Brace-Have found that approved list implies to many "all" forms available, when they may not be in the software. This is a barrier if professional doesn't have all the forms.

Cain- software supporting Fed/State e-file (37 States participate) is also a problem. Not all 37 states are supported by the software vendors.

Brace-Need to advertise e-file in the business journals, "Ask your tax professional about e-file?'' Feel we have already covered these questions in our conversations with practitioners. Still feel incentives are key, like the delayed filing date. Also important is the previous misconceptions. Need to add this information to the marketing materials; what was before-how it works now. IRS needs to address the misconception issues. Believe IRS does get the benefit of the doubt, but there is folklore around e-file that creates a barrier. This could have an impact.

Taylor-Originally e-file was marketed to the firms doing mostly refund returns and those ideas still out there. CPAs think e-file is not for their clients.

Brace-Misconception still out there if file in February don't have until April to pay. IRS has greatly improved the process, but needs to do a better job getting the word out about that. The "Made Easy" project will help.

Taylor-Currently working on Statement of Objective for the marketing company and I can share that with the committee and see if you could add to the objectives we have identified. The "how to" guide will be used by the field force to market.

Brace-Need to send a Q&A to the V coders that address all the misconceptions. If they are aware, will increase their likelihood to take the next step. Will research e-file as an option if awareness increased.

Burgos-Need the committee to set milestones for the time the group has remaining.

McQuin-Believe that members can change their issues committee assignment in October. It also appears that the issue committees themselves will not change, but that can be looked at further.

Taylor-Explained the data on page ten of the handout.

ACTION: Taylor to research same data for 1998-2002 to see if there are trends. Identify when Telefile/State filing began in order to impact of those programs.

ACTION: Taylor to research how many preparers the 16 million V coded returns represents. Also research by zip code to see if trends are reflected in metro/rural difference.

Sub Committee Reports

E-File Made Easy

How to e-file
TAP e-file Sub-Committee
June 7, 2003 - Atlanta, GA

Members:

- Tim Jarrell, Sub-Committee Chair
- Frank Claudman
- Doreen Scott
- Maria Hermann-Pariente
- Howard Perkins

- Sandy McQuin - TAP
- Terri Wedepohl - SB/SE TEC BMS OEP
- Karen M Taylor - SB/SE TEC BMS OEP
- Mary Ann Delzer - TAP

Goals:

Brainstorm - 12/12/02 - identify issue

Design Phase - January 2003 -
<feedback due from marketing team July 8th>

First demonstration of product to entire group on October 1-4th, 2003.

General Session October 2 & 3. One-hundred two (102) TAP people at the general session @ Annual Business Meeting.

Measure Success

Refine/Improve

Summary Timeline:

October '02 establishment of TAP (these are committees from the initial panel)

November '02 - subcommittee formed

December '02 - began brainstorming

January '03 - began design phase

Feb '03 - in progress

March '03 - first outline of e-file for Dummies

April '03 - modified outline - created 2nd draft

May '03 - - continuation

June '03 - first face-to-face to work on design phase - modifying to include a Web-based product (with feedback from Marketing sub-committee)

July 8 through August 8 '03 - refinement stage - incorporate feedback

Sept 9th - Final Sub-Committee Draft Product Target Date (strawman product) for demonstration purposes at the *Annual Business Meeting - October 2003.
<*annual business meeting may not take place per new commissioner>

November - December '03 - further modifications as result of feedback from the Annual Business Meeting. & share with Marketing Subcommittee and IRS internal product owners for their input /feedback. <internal pilot phase>

January 30, 2004 - Snapshot of where we are, where we need to be and what we need to do to get there. Perform gap analysis.

January 2004 - user-testing - friends, family, committee-members refine as necessary.

February - 2004 - publishing/posting to www.irs.gov and intranet

- Development of Marketing Program (good time to convert V-Coders and influence for the next year)

March 2004 (ongoing) - Begin Measuring - customer satisfaction feedback survey.

- Maximize exposure on related pages. (Links to other related pages, etc.)
- Track Hits to the page
- Update as needed

Ongoing - status report each month - project updates

Note: Our Web-based product must be 508 compliant and be approved by the Public Portal Group - W&I and Communication & Liaison - ensures IRS.gov has a consistent look and feel. Discussed limitations - no fancy icons, animations, etc.

Investigate the potential of burning marketing CD-ROMs (business card size) branded with TAP for distribution during the Tax Forums. Sandy (TAP) will investigate this.

October 2004 - What did we get for our efforts?

"Go out with a Bang" - Demonstrate and show the successes and measurements.

- Hand-off/transition phase

Marketing Link to "How To" tool - Web-links to this on other sites e.g. professionals, NATP, NAEA, state revenue departments.

(See <u>Attachment Two</u> for Made Easy Outline)

ACTION: Need feedback from all committee members on the latest version of the outline. Due July 8, 2003

ACTION: Jarrell will convert current outline to a share web format for all the committee to see and work.

ACTION: Jarrell will develop a monthly status report for the sub committee to use to track its progress.

E-File Marketing to Tax Professionals
Form 1040 Schedule C e-file Subcommittee Tasks

Team:

- Aimee Brace/Co-chair
- Darlene Bramon/Co-chair
- David Cain
- John Hollingsworth
- Mary Ann Delzer/Staff

Problem Statement:
Lack of participation in e-file by practitioners.

Potential causes as to what are the barriers that practitioners from e-filing self-employed Form 1040 schedule C returns:
Not all forms and schedules available
Security/Data altered if e-filed
Myths/Folklore on old e-file program
  "Rapid refund" stigma
  Lack of confidentiality
More audits likely with e-file
Process to become EROs complicated
Cost of e-file is passed on to clients
Fear of clients finding out it is simple/"Demystifying taxes"
Fear of new technology
No ISP
No Internet access
Do not want the responsibility of the actual filing

Clients do not ask for e-file
Client wants the paper copy
Signature forms are still required
Use software now that is not e-enabled/will not change software

Theories to test and analyze:
Use academic organizations to inform and educate future practitioners (P) Practitioner case studies of those who successfully converted to e-file
Mythology question and answers
Direct mailing/e-mails to V-Coders
Pros and Cons panel at the tax forums
Use of business journals to attract CFOs to ask for e-file
Improve the "how-to" information
Create a DVD/video directed at the V-coders/make available IRS offices/TAP/Practitioner groups: pipeline portion, look of professionalism for the ERO, timeline contrast, schedule payments EFTPS
Compare/Contrast error rates for paper/e-file, mailed checks/direct deposits
Make e-file part of the CPA exam (P)
If "certify" tax practitioners, include e-file education (P)

**(P) Parking Lot

Analyze:
How many v-coded returns could be e-filed?
Trends in e-filing from 1986 to present
How many practitioners does the v-coded returns represent?
Regional trends in not e-filing.
Look at CPA exam to check on the e-file portion (P)
Look at school accreditation for e-file information (P)

Next Steps:

1. Data collection: list, existing Q&A's, TAS
2. Direct mail to v-coders
   a. Gather data; Q&A's, develop materials
   b. Trade show information-disseminate
   c. Identify high level v-coders/volume/80-20rule
   d. Internal focus groups on materials -review and critique
   e. Identify regional trends for v-coders
   f. External interview v-coders with materials prior to mass mailing
   g. Discuss EFTPS
   h. Integrate "how to" as appropriate
3. Case studies on successful e-file practitioners
   a. Identify by region/area candidates (exemplary ERO)
   b. Interview them /write story/publish
   c. Invite them to speak at programs
   d. Incorporate the mythology Q&A's in document
   e. Introduce concept pros and cons discussion at tax forums
4. Mythology Q&A's Form
   a. Gather questions, use barriers list as a guide to drive Q&A's
   b. Review existing Q&A's document/create new Q&A's/proof/feedback
   c. Decide where to distribute (v-coders, tax forums, TAS)
   d. Integrate data above and compare/contrast error rate/mail or direct deposit
5. Create video/CD/DVD/ that incorporates all of the above
6. Advertise in the Business Journals, not just Accounting Journals
7. Address parking lot issues

Schedule of Events

June 2003
Analyze and collect requested data
Karen to get data and communicate to committee

July 2003
Write case study and share group via email
Write cover letter to v-coders with goals and enclosures
Begin to create v-coder packet
    Determine number to mail to
    Focus groups held
    Share information with committee to get practitioner feed back
Karen to ask about CD/video and incorporate into Statement of Objectives and include in Statement of Work

August 2003
Continue preparation of case studies and Q&A's
    GPO printing
    Focus groups
    Feedback
Get answer from Karen on CD/DVD/video
    Budget to be created
Review of Statement of Work by committee

September 2003
Mail packet to test group v-coders
    Q&A's
    Case studies
    Cover letter
    ERO application
Plan to measure results from test group

October 2003
Report to the TAP Committee at the Annual Meeting

Taylor--Very excited about the products and feel that these ideas are doable.

McQuin-At October meeting, would members be interested in having time to present what they are currently working on?

Brace-At Annual meeting need to hear the TAP committees successes, real accomplishments. Joint Committee should develop a structure of how to present, the amount of time for each, etc. TAP needs to feel good and see what is being done. Need to hear what colleagues have done for the year.

Burgos-Needs to be orchestrated. How to make the presentations, etc.

ACTION: Burgos to take issue to the Joint Committee that presentations should be made in October, but carefully structured. Need advance pre-view of what will be presented. Two or three presentation at a time during the meeting rather than all at once. Also to request that time taken for introductions to help members get re-acquainted.

Brace-Need to address several issues at the October meeting.

Reiteration of mission of TAP
Acknowledge frustration
Highlight the successes
Measure successes of last year; number of people touched by outreach, goals met
Travel questions answered up front
Looking ahead to a banner year

Burgos-Dates were decide on to get something on the board. May change if the IRS executives do indeed have an annual meeting. Please hold these dates open on your calendars.

ACTION: Committee members to send agenda items for the October meeting to Burgos/Delzer. All to register their voice, even if have no further comment.

Burgos-Concerns expressed about the canceling of the last meeting. Take full responsibility for canceling the meeting. Hoping to get a better sense of the direction of the committee before spending anymore time. Work done today and the time frames set will help Taylor and the committee run more smoothly.

McQuin-Have a related issue. TAS/TAP CPE will be the first two weeks of August. Request from the office is to re-schedule the meeting of August 14, 2003, at 3:00 p.m. ET.

ACTION: Whole committee will not meet during the month of August. E-File Marketing sub-committee to consider using this time slot for a meeting. Brace and Jarrell to set conference call schedule with Taylor and Wedepohl though October. Delzer to post these conference call times on TAP Speak.

Outreach Report
Brace-Article published in the UB Alumni magazine.

Jarrell-Has done eight Rotary Club meetings and also Chambers. Will be doing the Tax Forum in Atlanta and speak at an upcoming AARP meeting.

ACTION: Jarrell to post his version of the PowerPoint show on TAP Speak in the E-File reading room.

Howard-Will be attending the Tax Forum in Las Vegas with Area 7.

Bramon-Also attending Tax Forum in Las Vegas, but with Area 6.

Burgos--Also Tax Forum in Las Vegas with Area 6. Has been attending the TAS practitioner liaison meetings. Will be speaking to 90 members of Rotary. Also plugging TAP in the New Mexico Business Weekly "40 under 40." Doing a S day CPE on TAP for another practitioner group.

Scott-Monthly attends the TEC Food and Beverage meeting in Pittsburgh.

Hollingsworth-Wrote an article for the South Texas Practitioner newsletter about the TAP work on Free File.

Cain-Local Chamber of Commerce and Marlinton Business Organization.

Office Report

ACTION: Delzer to send out jif file of the TAP logo.

Burgos-Please complete the meeting Satisfaction Survey and turn in to Delzer. Took to the Joint Committee and should be used in your Area meetings.

Brace-Is the Joint Committee looking at the duplicate/common issues all the committees are working?

Burgos-Joint Committee has an issue matrix prepare each month. Updated version can be seen on TAP Speak.

McQuin-Realize committee has experienced some frustration. From observation can say that committee has come far since October. Done well adjusting to the changes that have been made. TAP is new to everyone as TAP different than CAP. Thank you for all your accomplishments.

Taylor-Thank you for progress made today. Should have done a face-to-face meeting sooner.

McQuin-That is a best practice that should be shared in October at the annual meeting.

Meeting adjourned.

Attachment One

F1040 Schedule C Strategy - E-Filing Self-Employment F1040 Returns DRAFT	
Positioning	• The team will define barriers identified by preparers filing Self-Employed F1040 Returns (Schedule C), determine and test treatments that will eliminate the barriers and increase e-filing/e-pay.
Objective / Outcome	Phase 1: • Define barriers identified by preparers who file Self-Employed F1040 returns (Schedule C) • Define barriers identified by preparers whose clients make estimated tax payments Phase 2: • Identify strategies to eliminate those barriers • Define marketing strategies that will reach this specific target market segment • Define Benefits of e-file/e-pay and expand marketing key messages Phase 3: • Test and report results on suggested strategies • Determine effectiveness of each strategy • Implement effective strategies that increase IRS e-file and e-pay
Strategy	Phase 1: Determine Barriers

	• Identify barriers through the use of a questionnaire • Determine implementation approach of questionnaire through the use of partnership outreach, organizations, etc. Phase 2: Define Marketing Strategies • Determine how to best communicate with target audiences (preparers, software developers and possibly their clients) • Identify incentives Phase 3: Test and Implement • Re-energize communications • Increase enrollment in e-file • Increase volume of e-filed returns • Increase usage of electronic payment options • Increase e-file awareness overall
F1040 Schedule C Strategy - E-Filing Self-Employment F1040 Returns DRAFT	
Audience	• Tax professionals who file Self-Employed F1040 (Schedule C) Returns • Tax professionals who specialize in certain industries • Tax professionals who file balance due returns • Stakeholder organizations related to self-employment taxes or specialized industries
Messages	Phase 1 message theme: "E-file is accurate and efficient" Phase 2 message theme: "E-file is safe and easy." Phase 3 message theme: "E-file saves time"
Measurements	Phase 3 • Increase in number of Electronic Return Originators • Increase in number of e-filed F1040 Schedule C returns • Increase in number of F1040 Self Employed Returns by Industry • Increase in EFTPS enrollments • Increase in electronic F1040ES payments
Background	See attached analysis of data • There are 33 million Self-Employed Individuals and 7 million Small Businesses with assets less than $10 million • 97% of the $2 trillion in tax payments are collected through EFTPS • 4 out of 5 SB/SE taxpayers use a tax professional
F1040 Schedule C Strategy - E-Filing Self-Employment F1040 Returns Draft	

Situation Analysis	Strength
	• All F1040 forms and schedules are e-fileable on existing platform • E-Services is an incentive for tax professionals • EFTPS system is well-liked, easy to use and free • Payments can be scheduled in advance through EFTPS; payment history on-line • Taxpayer receives acknowledgement of e-file return • E-file is more economical for the Tax Professional - requiring less time and less paperwork • E-file is accurate and efficient • Refunds are received in 10 days or less • There are secure transmission lines • Proven satisfaction - secure customer base Weakness • E-file platform eventually evolving into Modernized e-file • EFTPS registration process • ERO PATS/Suitability testing requirements • Current software used by the tax professional may not allow for the advantage of electronic filing Threat • Word of mouth by some Preparers that e-file is more work for them or they're doing IRS' work • Fear of hacking/security breach/financial data in electronic format • Fear of more data for IRS to audit Opportunity • Include e-file/e-pay in their business model • Wave of the future • Delete paperwork through electronic signatures • One stop shopping for the taxpayer (file and pay is same transmission; Fed/State) • Savings in time - basic information transfers from client's previous year's return. Time is saved by not having to reenter taxpayer's personal and business information. • Create software demand among software developers

F1040 Schedule C Strategy - E-Filing Self-Employment F1040 Returns SAMPLE

AUDIENCE: Tax Professionals who file Self-Employed F1040 (Schedule C) Returns

Activity	Vehicle for Messages	Responsible Person(s)	Delivery Date (NLT)	Status

Phase 1 Determine Barriers 1. Define target groups to receive questionnaire 2. Determine sample size and method of delivery 3. Obtain OMB approval 4. Conduct surveys 5. Analyze results				
Phase 2 Identify Strategies				
6. Pitch & place in appropriate print and broadcast media	Media spokespersons Magazine/Web Articles			
7. Update printed tax preparer information materials	News release			
8. Equip Media Relations personnel with information	Frequently Asked Questions Fact Sheets			
Phase 3 Test & Implement 9. Implement test strategy 10. Measure results 11. Implement nationwide				

Questionnaire to Increase Self-Employed F1040 (Schedule C) e-filed Returns/F1040ES e-payments

Sample Questions

Assuming caller has reached correct individual at target.

Good (morning, afternoon, etc). My name is _____ from _____. I understand that you are the best person in your organization to talk to about electronic filing of federal tax returns. I wonder if I could take a few minutes of your time to ask you a few questions. Your answers will remain confidential and will only be used to help us evaluate our current e-file program to help us come up with ways to make the program better and more attractive to tax professionals such as yourself. If, at any time, you feel uncomfortable answering a question please let me know and we will move on.

1. Are you personally an authorized e-file provider or personally involved in the preparation of tax returns using IRS e-file - the electronic way to file taxes?
   Yes _____ (Go to User Questions)   No _____ (Skip to Non-User Questions)

User Questions

2. Is tax preparation the primary service your firm offers?
3. Approximately how many total F1040 returns did you file this past filing season?
4. About what percentage of these returns were filed using IRS e-file?
5. Approximately how many or what percentage of them had a Schedule C attached?
6. Can you describe how you incorporated e-file into your overall business model?
7. How long have you been an electronic return originator?
8. Do you also e-file business returns? If not, why not?
9. Do you prepare your business returns on a computer?
10. Thinking back to when you first signed up, what was the most compelling reason for you joining the e-file program?
11. Our records indicate that you have a relatively low/high Individual e-file to total return ratio. To what do you attribute that fact?
12. When you first signed on, what were your expectations of e-file?
13. Overall, how satisfied are you with IRS e-file?
14. What software program or package(s) do you use?
15. In what way has the e-file program failed to meet your expectations?
16. Do you routinely offer e-file to your clients routinely, selectively, or provide it only if they specifically request it?
17. Were you a new applicant to the IRS e-file program in 200X?
18. Generally speaking, what if anything do you dislike about the IRS e-file program?
19. What changes/improvements in the program from the IRS perspective would encourage you to be more active as an electronic return originator?
20. Please tell me the one service or support the IRS could provide for e-file that would be most helpful to you.
21. If the IRS were to offer incentives to tax professionals who increase their e-file to total returns filed ratio, such as a personal IRS contact assigned to you specifically, what incentives would you like to be offered?
22. What can IRS do to personally help you increase your e-file to total returns filed ratio.
23. Do you specialize in return preparation for any particular industry? If so, what is it?
24. Would some of these possible incentives or awards and services help you attract new clients and keep existing ones?
    a. e-mail for tax law questions?
    b. Electronic Power of Attorney?
    c. Electronic Account Resolution?
    d. Recognition in Trade Magazines Paid for by IRS? What trade magazines?
    e. Eliminate the signature document?
    f. Your client having the ability to make their tax payments electronically?
    g. Certificates of Appreciation or Exemplary Authorized e-file Provider Awards?
25. What do you think are the benefits of e-file - what do you like about it?
26. If you were looking for information about IRS e-file, where would you go for it?
27. Do you offer EFTPS to your clients?
28. Overall, how satisfied are you with EFTPS?
29. How has the EFTPS program failed to meet your needs?
30. If you were looking for information about tax preparation in general, where would you go for it?
31. Which if any, trade or professional publications do you subscribe to or read on a regular basis?

Non User Questions

1. Approximately how many total F1040 returns did you file this past filing season?
2. Approximately how many or what percentage of them had a Schedule C attached?
3. Do you also file business returns? What form type and how many?
4. Do you use a personal computer?

5. Do you have access to the Internet?
6. Of all the Individual tax returns and forms that you prepare, what percentage of them are prepared on a computer, printed out and then mailed to IRS?
7. Do taxpayers ever come to you requesting IRS e-file or electronic filing services?
8. Are you aware that nearly all individual tax returns can be filed using IRS e-file including complex returns with various forms and schedules attached?
9. Are you aware that some business returns can also be e-filed?
10. Are you aware of the convenience you could offer your clients by e-filing their returns and enrolling them in EFTPS (one stop shopping)?
11. Are you aware that with e-file there's a timesavings since last years information can be saved and carried forward saving time on reentry?
12. Are you aware that a client can e-file their tax return and electronically schedule their payment to be made at a later date?
13. Are you aware that a client can pre-schedule their quarterly payments to be made electronically through EFTPS?
14. Have you previously filed electronically but then reverted back to paper? If so, why?
15. What software package(s)/software did you use?
16. Is there a particular reason why you did not e-file Individual returns this filing season?
17. If you never have e-filed, what would you say is the main reason that you have not become an Authorized IRS e-file Provider?
18. In order of importance, please list the top 3 services and support from IRS e-file that would be most helpful to you.
19. What could IRS do to increase the chances of you using e-file instead of filing paper returns?
20. Would some of these possible incentives or awards and services help you attract new clients and keep existing ones?
    a. e-mail for tax law questions?
    b. Electronic Power of Attorney?
    c. Electronic Account Resolution?
    d. Recognition in Trade Magazines Paid for by IRS? What trade magazines?
    e. Eliminate the signature document?
    f. Your client having the ability to make their tax payments electronically?
    g. Certificates of Appreciation or Exemplary Authorized e-file Provider Awards?
21. Who is the one person in your firm/business who is most likely to decide whether you and/or the other preparers use IRS e-file?
22. If you were looking for information about IRS e-file, where would you go for it?
23. If you were looking for information about tax preparation in general, where would you go for it?
24. Which if any trade or professional publications do you subscribe to or read on a regular basis?
25. Do you specialize in return preparation for any particular industry? If so, what is it?
26. What do you think are the major obstacles/barriers to overcome in order to provide a comprehensive e-file program to your clients?
27. We've sometimes heard that e-file doesn't fit into a firms overall business model. Is that the case here and if so please explain?

That completes the survey. We are required by law to report to you the OMB (Office of Management & Budget) Control Number for this public information request. That number is XXXX-XXXX. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the: IRS Tax Products Coordinating Committee, Western Area Distribution Center, Ranchero Cordova, CA 95743-001.

Market Research from Tax Year 2001/Processing Year 2002 for Returns Filed Through June 30, 2002

Note: F1040 Schedule C Filers Using a Tax Professional Would Fall Under the SB/SE Paid Prepared Complex Category

Division Return is Filed in and Category of Return
All Returns TY 2001

	Self Prepared		Paid Provider		
	Simple	Complex	Simple	Complex	Total
SB/SE	394,638	7,331,492	497,875	20,964,732	29,188,737
W & I	29,748,425	13,041,147	25,448,450	20,758,141	88,996,163
Total	30,143,063	20,372,639	25,946,325	41,722,873	118,184,900
	Self Prepared		Paid Provider		
	Simple	Complex	Simple	Complex	Total
SB/SE	1.4%	25.1%	1.7%	71.8%	100.0%
W & I	33.4%	14.7%	28.6%	23.3%	100.0%
Total	25.5%	17.2%	22.0%	35.3%	100.0%
	Self Prepared		Paid Provider		
	Simple	Complex	Simple	Complex	Total
SB/SE	1.3%	36.0%	1.9%	50.2%	24.7%
W&I	98.7%	64.0%	98.1%	49.5%	75.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

This table identifies how the returns were filed.

Division Return is Filed in and Method of Filing - All Returns TY 2001

	Paper	ELF	TeleFile	On-Line	Total
SB/SE	20,752,232	6,642,436	43	1,794,026	29,188,737
W & I	51,222,754	26,125,555	4,157,913	7,489,941	88,996,163
Total	71,974,986	32,767,991	4,157,956	9,283,967	118,184,900
	Paper	ELF	TeleFile	On-Line	Total
SB/SE	71.1%	22.8%	0.0%	6.1%	100.0%
W & I	57.6%	29.4%	4.7%	8.4%	100.0%
Total	60.9%	27.7%	3.5%	7.9%	100.0%
	Paper	ELF	TeleFile	On-Line	Total
SB/SE	28.8%	20.3%	0.0%	19.3%	24.7%
W & I	71.2%	79.7%	100.0%	80.7%	75.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

V Coded Returns are those prepared on a computer and filed on paper.

Operating Division and Electronic or Paper Usage- All Returns TY 2001

	V Coded Return	Electronic Return	Paper Return	Total
SB/SE	16,250,151	8,436,505	4,502,081	29,188,737
W & I	24,532,096	37,773,409	26,690,658	88,996,163

Total	40,782,247	46,209,914	31,192,739	118,184,900
	V Coded Return	**Electronic Return**	**Paper Return**	**Total**
SB/SE	55.7%	28.9%	15.4%	100.0%
W & I	27.6%	42.4%	30.0%	100.0%
Total	34.5%	39.1%	26.4%	100.0%
	V Coded Return	**Electronic Return**	**Paper Return**	**Total**
SB/SE	39.8%	18.3%	14.4%	24.7%
W & I	60.2%	81.7%	85.6%	75.3%
Total	100%	100%	100%	100%

Attachment 2

E-Filing Made Easy For Small Business and Self Employed

Index

Chapter 1 Legal and Fluff Stuff

Chapter 2 Introduction to E-Filing

Chapter 3 Types of Business E-Filing

Chapter 4 Frequently Asked Questions

Chapter 5 E-Filing Marketing Materials

Chapter 6 Directory of IRS E-Filing Assistance

Chapter 1
Legal and Fluff stuff

1. Trademarks
2. E-filing "success stories"
3. Credits
4. Acknowledgements
5. Application Process (Suitability)
    o Obtaining ETIN

Chapter 2
Introduction to E-filing

1. Introduction to E-filing for Business
2. History of E-filing
3. Goals of E-filing and savings to tax payers
4. What business taxes can be filed electronically (Have in e-file marketing packet)
5. Benefits of E-filing (Have from e-file tri-fold in packet)
6. Ways to E-file (Have from e-file tri-fold in packet)
7. Privacy and Security of E-filing

Chapter 3
Types of Businesses E-filing

1. **Form 1040-Self-Employed**
   i. What forms and schedules are used with the Form 1040?
      1. Form 4562 (Depreciation and Amortization)
      2. Schedule C (Profit or Loss from Business)
      3. Schedule C-EZ
      4. Schedule E (Supplemental Income and Loss from Rental Real Estate and Royalties)
      5. Schedule F (Profit or Loss from Farming)
      6. Schedule SE (Self-Employment Tax)
      7. Schedule 2106
      8. Form 1041 (Estates and Trust)
   ii. Who can file this return electronically?
      1. Self-Employed Filers
   iii. How to file this return electronically?
      1. Using an approved IRS e-file provider (Click on link for list of providers)
         a. Choosing a Provider
            i. Helpful Hints to find the best provider for you
               1. Provider's Software limitations with specific forms
               2. Provider Experience and Training
               3. Hidden Fees
         b. Fees
            i. How Paid?
            ii. When Paid?
         c. Filing Process
            i.
         d. Other Fees
      2. Using a personal computer
         a. Choosing a Provider
            i. Helpful Hints to find the best provider for you
               1. Provider's Software limitations with specific forms
               2. Provider Experience and Training
               3. Hidden Fees
         b. Fees
            i. How Paid?
            ii. When Paid?
         c. Filing Process
            i.
         d. Other Fees
         e. PC Requirements
   iv. Additional help on filing this return electronically
      1. IRS website (This can take you to a bookmark section or other section for more help)
      2. IRS phone number (Click here for list of regional or national phone numbers)
   v. Privacy and Security
   vi. Electronic Acknowledgement of filing
2. **Forms 940/941**
   i. What forms and schedules are used?
      1. Form 940 (Employer's Annual Federal Unemployment Tax Return)
      2. Form 941 (Employer's Quarterly Federal Tax Return)
   ii. Who can file this return electronically?
      1. Business taxpayers
      2. Reporting Agents
      3. Software Developers

4. Electronic Return transmitters
    iii.   How to file this return electronically?
            1. Using a payroll service provider (reporting agents) (Click on link for list of agents)
                1. Choosing a Provider
                    i.   Helpful Hints to find the best provider for you
                            1. Provider's Software limitations with specific forms
                            2. Provider Experience and Training
                            3. Hidden Fees
                2. Fees
                    i.   How Paid?
                    ii.   When Paid?
                3. Filing Process
                    i.
                4. Other Fees
                5. Privacy and Security
                6. How to participate in the 940/941 e-file or 940/941 On-Line Filing Programs?
            2. Web-Based Internet through third party transmitter
                .   Choosing a Third Party transmitter
                    i.   Software limitations
                    ii.   Experience
                    iii. Fees
                a. Fees
                b. Privacy and Security
            3. TeleFile
                .   Tele-file instructions
                a. Electronic acknowledgement
                b. Privacy and Security
    iv.   Additional help on filing this return electronically
            1. IRS website (This can take you to a bookmark section or other section for more help)
                .   Publications
            2. IRS phone number (Click here for list of regional or national phone numbers)
    v.   Privacy and Security
    vi.   Electronic Acknowledgement of filing
3. **Form 1065 (U.S. Return of Partnership Income)**
    i.   What forms and schedules are used?
            1. Form K-1?
            2. Schedules?
    ii.   Who can file this return electronically?
            1. Partnerships with gross income from sources within U.S.
            2. Transmitters who receive Form 1065 information from clients and transmit data to the IRS
            3. Software Developers who produce software used to prepare returns, or who format the Form 1065 return or who transmit Form 1065 tax return data directly to the IRS.
    iii.   How to file this return electronically?
            1. Using a Transmitter who receives the Form 1065 information and transmits to IRS) (Click on link for list of transmitters)
                .   Choosing a Provider
                    i.   Helpful Hints to find the best provider for you
                            1. Provider's Software limitations with specific forms
                            2. Provider Experience and Training
                            3. Hidden Fees
                a. Fees

    i. How Paid?
    ii. When Paid?
   b. Filing Process
    i.
   c. Other Fees
   d. Privacy and Security
   e. How to participate in the 1065 e-file or 1065 On-Line Filing Programs?
  2. Software Developers who transmit data directly to the IRS
   . Choosing a Third Party transmitter
    i. Software limitations
    ii. Experience
    iii. Fees
   a. Fees
   b. Privacy and Security
  3. Computer and Modem
   . PC Requirements
   a. Filing Process
 iv. Additional help on filing this return electronically
   1. IRS website (This can take you to a bookmark section or other section for more help)
   2. IRS phone number (Click here for list of regional or national phone numbers)
 v. Electronic Acknowledgement of filing

4. **Information Returns (Reporting of Certain types of payments made by financial institutions)**
 i. What forms and schedules are used?
   1. Forms?
   2. Schedules?
 ii. Why does this form need to be filed?
   1. Relevance
   2. Types of information
 iii. Who can file this return?
   1. Any filer of information returns
    . Exceptions
     i. Filing of 250+ returns of specific forms
      1. Specific Forms (Click here for list of forms)
 iv. How to file this return?
   a. Computer and Modem
    0. Requirements
   b. FIRE (Filing Information Returns Electronically)
    . Specific forms only (Click here for list)
   c. Fees?
   d. Filing Process
   e. Privacy and Security
   f. How to apply for filing information returns electronically
    . Submission of form 4419
 v. Additional help on filing this return electronically
   0. IRS website (This can take you to a bookmark section or other section for more help)
   1. IRS phone number (Martinsburg Computing Center's call site)
 vi. Electronic Acknowledgement of filing

5. **Electronic Federal Tax Payment System (EFTPS)**
 i. What tax payments can be made electronically through EFTPS?
   0. Income
   1. Employment
   2. Estimated
   3. Excise

        4. Other
  ii.   Who can file this return?
        0. All individual and business taxpayers
        1. How to enroll?
        2. Mandatory use of EFTPS
         . Depository taxes
  iii.   Why use the EFTPS?
        0. Convenience
        1. Accuracy
        2. Privacy and Security
  iv.   How to file this return?
      . Tax Practitioner
        . Finding the right practitioner
           1. Experience
           2. Enrolled
        i. 5 ways to make payments
           0. EFTPS-Online
           1. EFTPS-PC Software
           2. EFTPS-Phone
           3. EFTPS-Batch Provider
           4. EFTPS-Bulk Provider
     a. Accountants
        . Finding the right accountant
           0. Experience
           1. Enrolled
        i. 5 ways to make payments
           0. EFTPS-Online
           1. EFTPS-PC Software
           2. EFTPS-Phone
           3. EFTPS-Batch Provider
           4. EFTPS-Bulk Provider
     b. Payroll Companies
        . Finding the right company
           0. Experience
           1. Enrolled
        i. 5 ways to make payments
           0. EFTPS-Online
           1. EFTPS-PC Software
           2. EFTPS-Phone
           3. EFTPS-Batch Provider
           4. EFTPS-Bulk Provider
  v.   Additional help on filing this return electronically
        0. IRS website (This can take you to a bookmark section or other section for more help)
        1. IRS phone number (EFTPS Customer Service)
  vi.   Electronic Acknowledgement of filing

Chapter 4
Frequently Asked Questions

- IRS e-file for Business Q & As (Have from e-file packet)
- Frequently Asked Questions for the Tax Professionals (Have from e-file packet)
- Frequently Asked Questions for the Tax Payer (Have from e-file packet)

Chapter 5
E-filing Marketing Materials

   vii.   How to promote E-filing
         1.   Through Marketing Materials
              a.   Types of Materials Available (Click here for list of materials available)
              b.   How to order Materials? (Click here for order form)

Chapter 6
Directory of IRS E-File Assistance

SB/SE E-Filing Issue Committee Meeting Minutes

April 10, 2003

Present:

- Dick Bobb
- Aimee Brace
- Darlene Bramon
- Mario Burgos, Chair
- Frank Claudman
- Helen Curol
- John Hollingsworth
- Patrick McCombie
- Howard Perkins
- George Pruchniewski
- Doreen Scott

Staff:

- Sandy McQuin, DFO
- Mary Ann Delzer, Analyst
- Patti Robb, Note taker

Absent:

- David Cain
- Maria Hermann-Pariente
- Tim Jarrell
- Michelle Nelson

Guests:

- Margie Kinney, Office of Taxpayer Burden Reduction, SBSE
- Portia Perry, Analyst

Welcome/Announcements/Review Agenda

Issue refocus
Kinney - Will be meeting with Deryle Temple, TAP Director, next week Monday. Burgos mentioned that he would like to be included in this meeting. Kinney responded that they would meet with Temple first and then with him. She also encouraged having a face-to-face meeting before August. Maybe consider May or early June.

Bobb - it is important to ferret out the committee's direction. He has a meeting of enrolled agents in May. The focus is business e-file. We need a good input into the process. It is best to continue to get input - "e-file for dummies."

Kinney - defining more specifics into what we are looking for. There is great interest in "e-file for dummies." Portia Perry will be the technical advisor for this from subcommittee to production.

Brace - This is similar to previous comments. Would like to just pick a date for the whole panel to meet and the committees could break out and really get some work done.

McQuin - The committees need to meet in their own Areas to get local feedback.

Burgos - Good point Amy. The Joint Committee can discuss. However, a lot of committees have already met.

Claudman - Are any other committees working on "e-file for dummies?" If the IRS has worked this issue, we would like that information too.

Curol - We thought we would be working on marketing. We do need IRS input. We would like a clear direction at this point.

Hollingsworth - I'm not too crazy about the name, "E-file for Dummies." What percent is actually filed by small businesses?

Kinney - Included in the Form 1040, Individual returns are: 15 million Schedule Cs, 2 million Schedule Fs, 15 million Schedule Es. About 45 million Form 1040 returns are assigned to SBSE. In addition, there are 2.5 million Partnership, 5.5 Million Corporate, and 6.5 million employers file and pay employment taxes.

Hollingsworth-Practitioners say they will use if asked for by clients

McCombie - Not certain where the committee is headed. Does the IRS consider this issue critical?

Perkins-Are we duplicating IRS efforts? Need better tracking

Pruchniewski - Thinks PR people have done an outstanding job. The IRS has addressed e-file security issues. If we are duplicating efforts, it doesn't hurt to hammer people to remind them. We have to get the information out to small businesses. Many small businesses don't care how their taxes are filed. They take their information to their preparers and that's it. Maybe they should be the target.

Bobb - Attended the Greensboro SRMLC meeting. Received a very impressive package for e-file. Is this going to preparers and being ignored because clients don't ask for it.

Kinney - Over 70% of returns are prepared on software, but only half of those are e-filed.

Scott - Attended an outstanding outreach for the food and beverage industry. All packaged very well.

E-File Marketing to Tax Professionals
Burgos - The report is very well done.

Brace - It is important to use a consistent format.

Bobb - Area 2 had an issues about incentive for e-file/recognition awards/# of returns completed. Try building in an incentive for preparers to do business e-file.

Kinney - Maybe the incentive issue can be worked by this committee.
ACTION: Add fourth recommendation to report - incentive benefit to preparers.

Kinney - Are marketing items effective? IRS call poll, but panel members can get good input from preparers. Will they use e-file?

Burgos - What is the reason for not efiling?

Brace - It is mainly a perception that things that have not changed.

Burgos - The IRS is doing a fantastic job. It's not a marketing problem. Need to remove existing hurdles.

Brace - How about rebates?

Bobb - Thinks it is more of a recognition issue; plaques, etc.

Brace - Will add 4th recommendation and will send the report out to Karen Taylor for her feedback.

McQuin - Have been going to practitioners to push e-file. Have to get the information out to small businesses. Many small businesses don't care how returns are filed. Maybe they should be the target.

E-file for Dummies
Feedback on Preliminary Outline

Claudman - We have a meeting scheduled for the 15th to share current information. Is anyone else working on E-file for Dummies? Is the IRS working on it? We would like all existing information.

Kinney - The only step-by-step training material I am aware of is being developed now for payroll taxes.

Claudman - Would like more comments from the rest of the committee. Feel we are limited as to what we can do. Can IRS owners be on our conference call?

Kinney - Yes.

Claudman - Will go over outline. Anyone can call in to the conference call to give their input. Committee to meet next on April 15, 2003.

Claudman-Next step is to get comments form the whole committee, focus on what end product we can produce and have final draft ready in May. Outline follows:

March 12, 2003
Status Update
E-filing Issues Committee
"E-filing for Dummies" Sub-Committee

The "E-filing for Dummies" sub-committee met on March 6th to discuss next steps and current information available to begin developing the product. The consensus was to have 7 major areas, but have those areas broken down into smaller topics. Each member of the committee agreed to take specific areas and begin researching. Also, the consensus was to have one person be the point of contact for the data to keep it organized and formatted consistently. The 7 major areas to work from are:

1. Application to Participate (Form 8633) and Electronic Return Originator (ERO)
2. Software Programs and which ones best meet the needs of E-filing
3. What help/support is available at IRS
4. Costs in e-filing and watch for hidden fees
5. Security for Electronically filed returns
6. Electronic Filing Exclusions. (Restricted returns)
7. Provider Registration form for electronically filing

A preliminary proposed outline is as follows:

Section 1

- Trademarks
- E-filing User Comments
- Credits
- Acknowledgements

Section 2

- Table of Contents and Chapters

- Chapter 1: E-filing Introduction
    - What is E-filing?
        - Brief Overview with Flowchart
    - Benefits of E-filing?
        - Faster Refunds
        - Faster and More efficient Processing
    - What taxpayers can E-file?
    - Exclusions
        - Income
        - Filing Status
        - Other
    - What type returns can be e-filed?
        - Exclusions
- Chapter 2: Where can I E-file?
    - IRS Locations
        - Local Tax Offices
        - Other Local Assistance Centers
        - Organizations
    - Tax Practitioner Locations
        - Corporate Names with their websites to search for local practitioner location
    - Web Locations
        - List of websites where returns can be completed on-line
        - List of websites where returns can be filed on-line
- Chapter 3: How do I E-file?
    - What information do I need?
        - All information needed to complete tax return
    - What forms do I use?
        - IRS form for e-filing
        - Tax return
    - What software do I need?
        - If filing at Practitioner-None
        - If filing at home-Computer requirements
        - If filing at home-Software requirements

- If filing at IRS office-None
- Chapter 4: Is E-filing Secure?
  - Is E-filing safe?
    - Security measures in place
    - Security software in place
    - Firewalls in place
  - Where does my e-filed return go?
    - Process flow of e-filing
      - Nice Color Page with international flowchart symbols depicting path of data and security objects in place
- Chapter 5: What assistance is available?
  - Local Taxpayer Offices
    - In Person
      - By Appointment
    - Via Computer
      - In Lobby
    - By Phone
      - Local Number
      - National Number
    - Tax Practitioner Help
      - Free File Alliance Numbers
      - Websites
      - Other
    - Who can I call?
      - Local Tax Preparer
      - IRS local number
      - IRS national number
- Chapter 6: What does E-filing Costs?
  - Free File Alliance
    - Preparing the Return?
      - Free
    - Filing the Return
      - Varies by Preparer
    - Hidden Fees?
      - Varies by Preparer
  - Tax Practitioners outside Free File Alliance
    - Preparing the Return?
      - Varies
    - Filing the Return?
      - Varies
    - Hidden Fees?
      - Varies
  - How are the fees Paid?
    - Deducted from Refund
    - Added to Amount Due
    - Paid with Filing
- Chapter 7: How do I know if my tax preparer can e-file?
  - Marketing Materials displayed
  - Number to call?
  - Ask?

Outreach

Bobb - Have a Society of Tax Practitioners meeting in May as well as the SRMLC.

Burgos - SRMLC meeting and a Rotary Club meeting.

Curol - Is on the Mayor's committee. Can she get more marketing items?
ACTION: Delzer will send more items to Helen.

Hollingsworth - SRMLC meeting.

McCombie - Small business owners meeting.

Pruchniewski - Sent out letters about TAP.

Scott - Tax Advisory Liaison meeting.

Action Items
All Completed

Next Conference Call
Would like feedback from Karen's meeting with Deryle (Monday, April 14). Mario proposes to confirm end product to professionals.

The marketing materials are great.

Curol - Motion to add distributing marketing materials to small businesses.
Seconded and passed by consensus.

ACTION: Delzer to send out meeting satisfaction survey.

Meeting Adjourned.

Taxpayer Advocacy Panel
IMPROVING THE IRS

SB/SE E-Filing Issue Committee Meeting Minutes

March 13, 2003

Present:

- Aimee Brace
- Mario Burgos, Chair
- Frank Claudman
- Helen Curol
- John Hollingsworth
- Tim Jarrell
- Pat McCombie
- Howard Perkins
- Mary Ann Delzer, DFO

Absent:

- Dick Bobb
- Darlene Bramon
- David Cain
- Maria Hermann-Pariente
- Michelle Nelson
- George Pruchniewski
- Doreen Scott
- Karen Taylor, Program Owner

Guests:

- Dorothy Winchell
- Bob Morris

Staff:

- Sandy McQuin, Program Manager
- Patti Robb, Note Taker

Welcome/Announcements/Review Agenda

Roll Call

Review/Approve Minutes
Minutes were approved.

Public Input
Dorothy Winchell, FEMA/TSA - has a couple suggestions:

1. Tried to e-file online using IRS website. You cannot file online if you donate more than $500 in non-cash items. You must mail the return. The parameters should be set up front before you spend an hour of your time trying to e-file.

2. Purchased Tax Cut software to prepare taxes. Unless you purchase the deluxe package, you have to pay a separate fee to e-file. Why can't this be included in the purchase price?

Curol - Said that she read In the Philadelphia Inquirer that the IRS will offer free e-file for at least three years.

McCombie - There needs to be a letter up-front to identify what you can do before you spend time trying to e-file on line.

Hollingsworth - The problem is that each alliance member can set, or even change, their own criteria to e-file.

Jarrell - The issue is the IRS web site needs to show the criteria up-front for e-filing for each alliance member. Do we want to review and discuss?

Hollingsworth - This is out of our issue field. I suggest we send the information to Area 5.

ACTION: Delzer will forward information to Area 5 committee.

Agenda Items

Subcommittee Report Out

- E-File Marketing to Tax Professionals

Brace - Wants to review the e-file marketing materials. Nothing new to report this meeting. There is so much material out there. How to distribute this information to tax professionals? Would these materials motivate a tax professional to file electronically?

Jarrell - The materials are great.

Brace - Very professional.

Curol - Great. Using something like the TAP self-mailer would be a good way to get comments back.

Brace - How could the IRS improve this even more?

McQuin - The IRS sponsored Tax Forums are a mecca for e-file for practitioners. (What kind of practitioners attend?) Individual and small business practitioners. The committee could concentrate their efforts to get more small business practitioners to attend.

- E-File for Dummies

Jarrell discussed the sub-committee report which he had emailed to all members. See the report below:

March 12, 2003
Status Update
E-filing Issues Committee
"E-filing for Dummies" Sub-Committee

The "E-filing for Dummies" sub-committee met on March 6th to discuss next steps and current information available to begin developing the product. The consensus was to have 7 major areas, but have those areas broken down into smaller topics. Each member of the committee agreed to take specific areas and begin researching. Also, the consensus was to have one person be the point of contact for the data to keep it organized and formatted consistently. The 7 major areas to work from are:

1. Application to Participate (Form 8633) and Electronic Return Originator (ERO)
2. Software Programs and which ones best meet the needs of E-filing
3. What help/support is available at IRS
4. Costs in e-filing and watch for hidden fees
5. Security for Electronically filed returns
6. Electronic Filing Exclusions. (Restricted returns)
7. Provider Registration form for electronically filing

A preliminary proposed outline is as follows:

Section 1

- Trademarks
- E-filing User Comments
- Credits
- Acknowledgements

Section 2

- Table of Contents and Chapters

- Chapter 1: E-filing Introduction
    - o What is E-filing?
        - Brief Overview with Flowchart
    - o Benefits of E-filing?
        - Faster Refunds
        - Faster and More efficient Processing
    - o What taxpayers can E-file?
    - o Exclusions
        - Income
        - Filing Status
        - Other
    - o What type returns can be e-filed?
        - Exclusions
- Chapter 2: Where can I E-file?
    - o IRS Locations
        - Local Tax Offices
        - Other Local Assistance Centers
        - Organizations
    - o Tax Practitioner Locations
        - Corporate Names with their websites to search for local practitioner location
    - o Web Locations
        - List of websites where returns can be completed on-line
        - List of websites where returns can be filed on-line
- Chapter 3: How do I E-file?
    - o What information do I need?
        - All information needed to complete tax return

- What forms do I use?
  - IRS form for e-filing
  - Tax return
- What software do I need?
  - If filing at Practitioner-None
  - If filing at home-Computer requirements
  - If filing at home-Software requirements
  - If filing at IRS office-None
- Chapter 4: Is E-filing Secure?
  - Is E-filing safe?
    - Security measures in place
    - Security software in place
    - Firewalls in place
  - Where does my e-filed return go?
    - Process flow of e-filing
      - Nice Color Page with international flowchart symbols depicting path of data and security objects in place
- Chapter 5: What assistance is available?
  - Local Taxpayer Offices
    - In Person
      - By Appointment
    - Via Computer
      - In Lobby
    - By Phone
      - Local Number
      - National Number
    - Tax Practitioner Help
      - Free File Alliance Numbers
      - Websites
      - Other
    - Who can I call?
      - Local Tax Preparer
      - IRS local number
      - IRS national number
- Chapter 6: What does E-filing Costs?
  - Free File Alliance
    - Preparing the Return?
      - Free
    - Filing the Return
      - Varies by Preparer
    - Hidden Fees?
      - Varies by Preparer
  - Tax Practitioners outside Free File Alliance
    - Preparing the Return?
      - Varies
    - Filing the Return?
      - Varies
    - Hidden Fees?
      - Varies
  - How are the fees Paid?
    - Deducted from Refund
    - Added to Amount Due
    - Paid with Filing
- Chapter 7: How do I know if my tax preparer can e-file?
  - Marketing Materials displayed
  - Number to call?

o   Ask?

The committee will schedule another sub-committee meeting for discussion of the outline.

ACTION: All members to please send comments to Jarrell. Subcommittee will discuss.

- Marketing Materials

Taylor not on call to discuss.

- Outreach Report

Brace - Did an interview with the University of Buffalo. They included an article on TAP. She has gotten some very positive feedback.

ACTION: Brace will send copy of article to Delzer or Knispel.

Burgos - Attended a Congressional liaison meeting with the LTA. He used the power point presentation.

Curol - Gave E-file materials to the alcohol review board. Needs more e-file publications.

Hollingsworth - Attended the stakeholders meeting in South Dakota. Will also attend the May meeting.

Jarrell - Spoke to about 45 people at a Rotary Club meeting.

ACTION: Delzer will send Jarrell about 100 TAP magnets.

McCombie - Attended a meeting with local business people. Most of them file through a tax preparation service.

Perkins - Went to a convention and handed out TAP educational materials.

- Action Items
  o   Increase length of call

Hollingsworth - Feels the conference calls are too short now that more issues are coming in. Do we want to increase the length of the calls?

Brace - The calls are fine as they are. We need to be more efficient with our time. People need to be prompt when calling in.

Burgos - The Joint Committee increased their call to an hour and a half. He could go either way.

Claudman - One hour is good. If subcommittees do their work ahead of time, the reports could be more concise.

Curol - We need to take care of business before the calls.

Hollingsworth - Part of the problem is we have not had a face-to-face meeting since Orientation in October.

Jarrell - Should stick with one hour. We need to do the behind the scenes work before the calls.

McCombie - One hour is good, but we do need to be flexible sometimes.

Perkins - One hour is good.

Delzer - We need a quorum to discuss issues on the calls, so we can only meet as long as there are enough panel members on the call. We need to know as people sign off the call.

We will try to stick with one hour and if the call needs to go longer, we will try to let everyone know ahead of time. If an issue is running long, it may have to be tabled to another time.

ACTION: Delzer will send out instructions to make conference calls using the Sprint calling card.

Brace - Area 1 does not do a survey after meetings. Suggests that all committees do one. It provides great feedback.

ACTION: Burgos will bring this up at the next Joint Committee meeting. He will suggest that all committees do a survey after each meeting.

- Office Report

Delzer - Forwarded a message encouraging a face-to-face meeting in conjunction with the Tax Forum in Atlanta (August 5-7, 2003). IRS e-file is a presence at the forums. The meeting could be tacked onto the beginning or the end of the forum. We could invite tax professionals to the TAP meeting.

Jarrell - Has already volunteered to work the TAP booth at the forum for two days.

ACTION: Discuss on email and decide by consensus on dates of meeting.

McQuin - Is very impressed with committees outreach efforts. Please be sure to submit a speakers report.

McQuin shared that there will be a change in the TAP program. Deryle Temple, TAP Director, feels the DFOs duties mirror the program manager's duties, so beginning April 1, 2003, the managers will be the DFO for all issue committees. Also, four new managers will be hired and they will take over four area committees. Delzer is doing a great job. Sandy is going to be taking over as DFO and Delzer will continue as the analyst.

ACTION: McQuin will speak more with Burgos. Brace should feel free to contact area managers.

Closing/Assessment

Burgos - Has been reflecting on the past six months, and everyone is doing a fantastic job. Remember the issue committee's focus is not to raise issues. Individual e-file and free e-file - IRS already has

done research on these issues. Is this committee focused in the correct direction? We don't want to duplicate efforts. If IRS has e-file for dummies, we can provide them input, but don't rewrite it.

ACTION: Burgos will put this in writing.

Jarrell - Agrees with Burgos.

Meeting adjourned.

SB/SE E-Filing Issue Committee Meeting Minutes

February 13, 2003
3:00 PM EST
Conference Call

TAP ATTENDEES:

- Dick Bobb
- Aimee Brace
- Mario Burgos, Chair
- Frank Claudman
- Helen Curol
- John Hollingsworth
- Tim Jarrell, Vice Chair
- Patrick McCombie
- Howard Perkins
- George Pruchniewski
- Doreen Scott
- Mary Ann Delzer, Designated Federal Official

TAP STAFF:

- Sandy McQuin
- Anne Gruber

PROGRAM OWNER:

- Karen Taylor

ABSENT:

- Darlene Bramon
- Maria Hermann-Pariente
- Michelle Nelson

OPENING
Mario Burgos opened the meeting by welcoming everyone. He briefly reviewed the agenda and thanked everyone for the relevant articles that they have been sending to each other. He wondered if quorum was met with this meeting and asked Anne to take the roll. Anne Gruber took the roll call. Mary Ann said quorum was 50% plus one, in other words eight. Quorum is met.

Everyone had reviewed the minutes from the last meeting, which was held on December 12, 2002 via teleconference. There were no changes. Aimee Brace motioned to approve the minutes. Howard Perkins seconded the motion. Mario Burgos asked if there was any public input and Mary Ann stated no one had called to request joining the call.

SUBCOMMITTEE REPORT OUT
Aimee Brace reported for the subcommittee on "E-File marketing to tax professionals." She said there

is a tremendous amount of marketing material that goes out to paid preparers. The reasons why paid preparers don't use E-File are varied.

1. They are doing what they have always done.
2. Their clients don't ask for it.
3. Their clients mostly use the estimated tax system, so a fast refund makes no difference to them because they just roll their refund over to the next tax payment.
4. Many of their clients owe and don't see the need to do it fast.

Mario commented that E-Filing is up this year and that the free service on the IRS web site has had a positive effect. Karen Taylor says that 650,000 returns have been E-Filed so far this year. But the taxpayers who are attracted to the Free E-File program are not the same ones as the paid preparer's clients. Many paid preparers don't charge for E-File. Many preparers don't like to E-File because there are so many steps. All the information on a W-2 must be entered, field-by-field. However, Karen commented, that in January 2004, starting with the Forms 1120 and 990, the IRS will have a new program that will allow the information to be scanned. Karen also said they are attempting to break down the barriers that the paid preparer perceives are there by listing Befores and Afters, i.e., list the old hurdles that have been corrected. This education process will help the practitioners by making a visual list of why they couldn't file electronically with the date that the change started, so they can see that the hurdles that were there are no longer.

Another possible barrier is the check that IRS does for Electronic Return Originators (EROs). They must be fingerprinted and go through a background check. But paper preparers don't have to be checked, only EROs. Karen explained that the check is done to protect the integrity of the E-File system and the Office of Professional Responsibility is in charge of the program. As the committee pointed out, why should a trusted preparer who has been preparing returns for years suddenly be subject to a background check just to electronically file?

Howard Perkins is an ERO and he said it was a simple, easy process. It only took 20 days for his application. He would like to dispel the rumor that it is difficult. Maybe in the Before/After list it could be included.

Dick Bobb wondered if there is any survey done by the IRS to determine the taxpayer's degree of satisfaction with e filing. There may be a great increase in the number of e-filers, but what if there experience was poor and they will not use it again in the future. Karen said all forms should be able to be electronically filed. Now all the 1040 forms, the 940-941 forms, the 1065, and the 1041 and by January 2004, the 1120 and 990 will be included. In meeting with practitioners, they also want business extension forms to be included in the list. Mario would like to know the dates when particular forms will be accepted. Karen said with the reorganization of IRS, the operating divisions are responsible for updating the forms. Mary Ann asked Aimee what forms the practitioners are having trouble with.

Frank Claudman reported for the "E-File for Dummies" subcommittee. He said that they met and identified six areas that should be addressed. They are

1. Form 8633, the application form,
2. software programs and what is the best,
3. IRS support,
4. hidden costs,
5. security,
6. provider registration form.

He said they are scheduled to meet again. Karen asked to be included, so the meeting is scheduled for February 27, 2003 at 3 PM EST. Helen commented on the Business Week article that she sent to the entire committee.

Doreen Scott reported for the "E-File on the Website" subcommittee. John Hollingsworth said that people who use the free filing feature on the IRS web site were discovering hidden charges. The criteria are spelled out and mostly the service is directed at low-income taxpayers. Concern was expressed that taxpayers think it is free and although the tax company should be blamed for the expense, in actuality, IRS gets blamed. Mario suggested that everyone take the suggestion to his or her area committee for more exposure.

Mary Ann asked about the tagline on the E-File logo on the IRS website. Everyone thought that the current "Consider it Done" should be more explicit, like "To Find Out About E-File, Click Here."

The website subcommittee and the Tax Professional Subcommittees are finished. The Tax Professional group will put their results in writing. Karen asked if she could use the committee members in these two groups as sounding boards in the future for the next round of marketing materials.

OUTREACH REPORTS
Discussed Karen's marketing information package that was sent to all. Everyone agreed to review the material and discuss next month.

John Hollingsworth, Dick Bobb, and Mario spoke about their individual outreach efforts this month.

ACTION ITEMS

ACTION: Everyone will read Karen's marketing materials to offer suggestions.

ACTION: Everyone will contribute any agenda items that they wish to discuss for next month's meeting.
Dick asked if he could send to the committee members a survey from Area 2 about 941 E-File.

ACTION: Dick to send Area 2 issues to Mary Ann for distribution to the committee.
Discussion was held on whether this issue committee was interested in public comments. Mario said that public comments are best received at the area committees, but all meetings are open to the public and anyone can contribute. Mary Ann said that the Federal Register notice gives the public the choice of oral comments or written comments. There is no limit to the number of telephone lines for a conference call.

ACTION: John to write proposal to go to Joint Committee on listing teleconferences on "events page" of TAP website.

OFFICE REPORTS
None, except Mary Ann offered again if anyone needs anything to just ask. She reminded everyone that she will be on leave from February 17 to 25.

CLOSING
Mario Burgos reminded everyone of next meeting on March 13, 2003 at 3 PM EST. He also mentioned that the face-to-face meeting is scheduled for Atlanta the first week in June. Mario then said since there was no time for the assessment form for this meeting, he wondered if everyone could complete it and send it to Mary Ann since the information is valuable to him in his role as chairman.

ACTION: Mary Ann will check with all panel members to confirm their availability for a June meeting.

ACTION: Mary Ann will send to all members the Meeting Satisfaction Survey