# THOMSON REUTERS®

# 1065 E-FILE GUIDE

## FOR TAX YEAR 2023

Last Updated: October 16, 2024

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Last Updated: October 16, 2024

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# CHAPTER 1: 1065 E-FILE

The IRS developed the Modernized e-File (MeF) system to provide a standardized format and transmission method for e-filed returns. MeF uses XML (Extensible Markup Language) to implement all forms and schedules in an electronic format. The IRS has structured tax return data into a series of schemas or XML documents specifying the data elements, structures, and rules for each form, schedule, and attachment. Like paper tax returns, MeF returns consists of a series of tax forms, schedules, and attachments required to file a complete return.

MeF enforces a rigid structure that must be used to create e-filed tax returns. This structure is necessary and critical to ensure tax preparation software can create an e-file return which can be transmitted to, and viewed by, the IRS systems. In addition to formats defined by schemas, returns must also adhere to business rules that provide a second level of validation.

The IRS has developed the XML schema rules and made them available to software vendors. Vendors are required to use these XML schemas in developing software capable of e-filing returns. In many areas, e-filed tax return information must be structured differently than in previously filed paper returns.

## MEF SYSTEM CAPABILITIES

Some of the capabilities introduced with the MeF System include:

- Transmitters can send transmissions to the IRS at any time. The MeF system validates the transmission file and creates an immediate acknowledgment file. At times, the MeF system is unavailable due to maintenance or updates for next year processing.

- MeF is completely paperless. Information not defined by the IRS schemas can be included with the e-filed return as PDF attachments. Signature requirements can be met by use of the Practitioner PIN option or by attaching signature documents as PDF files.

- MeF supports the current and two previous years of returns (2023, 2022, and 2021).

- MeF supports integrated refund and payment options. Refunds can be electronically deposited in bank accounts or balance due payments can be electronically withdrawn from bank accounts.

- MeF allows transmitters to send transmissions to the IRS year-round, except for a short cut-over period at the end of the calendar year.

# RETURNS AND EXTENSIONS SUPPORTED BY MEF

| FORM | TYPE | DESCRIPTION |
|---|---|---|
| **1065** | Return | US Return of Partnership Income |
| **7004** | Extension | Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns |

# AUTHORIZATION TO PARTICIPATE IN THE E-FILE PROGRAM

Thomson Reuters is the transmitter for e-filed returns. The tax preparer/firm is the Electronic Return Originator (ERO). The ERO must be accepted as an Authorized IRS E-file Provider. The IRS Publication 3112 (**http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Download-and-Read-IRS-Publication-3112**) provides definitions and procedures required for becoming an authorized IRS E-file Provider.

A Large Taxpayer transmitting its own business return is not an Authorized IRS E-file Provider. Details for Large Taxpayers can be found in the Section 5 of the IRS Publication 4163 (**http://www.irs.gov/pub/irs-pdf/p4163.pdf**).

# ADDITIONAL FORMS

In addition to the forms normally filed with business returns, MeF adds several other forms applicable only to e-filed returns and extensions.

**Form 8453** A scanned Form 8453 is used to sign the e-file return. The authorized return signer signs the appropriate form. The return signer authenticates the accuracy of the return information reported on the form, authorizes the ERO (if any) to transmit the return, and provides consent to directly deposit any refund and/or authorize an electronic funds withdrawal for payment of federal taxes owed. If applicable, the ERO and paid preparer also sign the form. The signed form is then scanned and attached as a PDF file to the return before transmitting. The description of the scanned Form 8453 must be *8453 Signature Document*.

The business entity should retain a copy of the signed form but it should not be mailed to the IRS.

Signature authorization is made using the following version of Form 8453:

| RETURN TYPE | DESCRIPTION |
|---|---|
| **1065** | 8453-PE: US Partnership Declaration and Signature for an IRS e-file Return |

**Form 8879** The Practitioner PIN signature option uses Form 8879 and requires the taxpayer to use an ERO. The taxpayer selects a five-digit **Personal Identification Number (PIN)** as their electronic signature. The taxpayer can enter this PIN directly into the return preparation software, or authorize the ERO to enter the PIN. The ERO completes the appropriate Form 8879, including the taxpayer's PIN and the ERO's PIN. The ERO retains a copy of Form 8879 and provides a copy to the taxpayer. Form 8879 should not be mailed to the IRS.

Signature authorization is made using the following version of Form 8879:

| RETURN TYPE | DESCRIPTION |
| --- | --- |
| 1065 | 8879-PE: IRS e-file Signature Authorization for Form 1065 |

# IRS SUPPLEMENTS TO THIS GUIDE

The IRS MeF system supports additional return filings not covered in this guide. This guide covers only the e-filing of extensions, corporation returns, and partnership returns. This guide should be read in conjunction with the following IRS publications and web sites:

- Publication 3112, *IRS E-file Application and Participation*, containing standardized information about the roles and responsibilities of Authorized IRS E-file Providers.

- Publication 4163, *Modernized e-File (MeF) information for Authorized IRS E-file Providers for Business Returns*, provides specific requirements and procedures for e-filing of Forms 1065 and 7004.

- Publication 4557, *Safeguarding Taxpayer Data: A Guide For Your Business*, provides information on legal requirements to safeguard taxpayer data.

- E-file for Tax Professionals. IRS has posted additional information on how to participate in e-file, transitional rules for partnerships and corporations required to e-file, and other informative links regarding partnership/corporate e-file at **http://www.irs.gov/for-Tax-Pros**. The IRS frequently updates these sites with FAQs, known issues, workarounds, and other MeF changes.

# COMMUNICATING WITH THE IRS

The IRS e-help Desk provides assistance in support of MeF software and communication testing for corporate, partnership, and tax exempt returns throughout the filing season. The e-help Desk also provides assistance with e-Services registration and the IRS e-file application processes. Contact the e-help Desk at 1-866-255-0654, or if outside the US and US Territories, 1-512-416-7750.

The MeF Status Page provides information on current system status, system maintenance or other processing delays, and the volume of accepted returns. This site can be accessed at **http://www.irs.gov/tax-professionals/e-file-providers-partners/modernized-e-file-mef-status-page**.

MeF Quick Alerts is an IRS e-mail service that provides current information regarding MeF issues. Subscribe to MeF Quick Alerts at **http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/QuickAlerts---More--e-file-Benefits-for-Tax-Professionals**.

# CHAPTER 2: RULES FOR E-FILE

## MANDATORY E-FILE

Treasury Regulations §301.6011-3(a) provides that partnerships with more than 100 partners (Schedules K-1) are required to e-file for taxable years ending on or after December 21, 2000.

## BUSINESS NAME CONTROL

Name Control matching is a process in MeF that checks the **Employer Identification Number (EIN)** and Name Control of the corporation, partnership, or tax-exempt organization filer with the IRS' **National Account Profile (NAP)** database. Name Control mismatch is one of the most common causes for rejects of returns in MeF. It is very important to ensure that the submitted return has the correct Name Control.

The name control is generally derived from the first four characters of the business name, but other rules exist for names that contain special characters or other non-standard formatting.

If you are unable to determine your business name control with certainty, you can contact the **Telephone Assistance for Businesses (1-800-829-4933)** and request assistance with verification of your organization's Name Control. Click the link below for detailed information on Name Control:

### *PARTNERSHIPS:*

**http://www.irs.gov/tax-professionals/e-file-providers-partners/using-the-correct-name-control-in-e-filing-partnership-tax-returns?_ga=1.100016540.346284818.1478290758**

## ADDRESS CHANGES

The IRS accepts domestic and foreign address changes as shown by the taxpayer in the entity portion of the parent return. If the **Name or Address Change** check box is selected, the entered address becomes the taxpayer's new official address of record. In the case of a consolidated return, the name change is effective only for the top consolidated entity.

# FOREIGN ADDRESSES

Returns and extensions with a foreign address in the entity portion of the return can be e-filed. MeF requires foreign countries to be identified with the two-character Foreign Country Code recognized by the US Department of State. See *IRS Publication 4163 (Exhibit 2)* for a list of valid country codes.

The IRS instructions for some forms specify a foreign address must be entered with the country name using the full country name rather than an abbreviation; however, per IRS Publication 4163, a taxpayer e-filing should continue to use the country code for the country name. The form instructions might be updated in the future to reflect this process for e-file.

# SIGNING THE E-FILE

As with any income tax return filed on paper, an e-file income tax return must be signed by an authorized tax return signer, the ERO (if applicable) and the paid preparer (if applicable). An authorized person must sign and date the **Declaration of Taxpayer** on the applicable Form 8453 or Form 8879.

The MeF system requires taxpayers and providers to use one of the alternative signature options for signing e-file returns. The two available options are the Practitioner PIN method and the scanned Form 8453. MeF validates that a signature exists for each return. If the e-file return does not contain the required signatures, it will be rejected.

## Practitioner PIN Option

To use the Practitioner PIN option, the taxpayer must use an ERO. Although the Practitioner PIN option is totally electronic, the ERO must still retain the signed Form 8879. With this option, the taxpayer and ERO are required to sign the return with self-selecting PINs as described below. The taxpayer's authorized person decides whether to enter a personal PIN or to authorize the ERO to enter the PIN. The ERO prints Form 8879 and has the taxpayer's authorized person choose a five-digit PIN.

The following information must be included in the e-file if the Practitioner PIN option is used:

- **Practitioner PIN** – 11 digits, with the first six digits the same as the Electronic Filing Number (EFIN)

- **Taxpayer PIN** – Five numeric characters (cannot contain all zeros)

- **Indication of who entered the PIN** – The ERO or the taxpayer's authorized person

- **Title** – The title of an authorized person

- **Date** – The date return is signed by an authorized person

The ERO must retain Form 8879 for three years from the due date or the IRS received date, whichever is later. If the return was prepared for a fee, the ERO must ensure that the paid preparer also signs the return. If the paid preparer is also the ERO, the preparer can check the Also the **Paid Preparer** box and does not complete the **Paid Preparer's Use Only** section. Paid preparers do not have to disclose their SSNs or EINs on the copies they provide to taxpayers. The ERO should provide a copy of the Form 8879 to the taxpayer, but it should not be mailed to the IRS.

## Scanned Form 8453 Option

The scanned Form 8453 must be used if the taxpayer decides not to use the Practitioner PIN option. If this option is selected, the authorized tax return signer and the ERO, if applicable, must sign the paper Form 8453. The signed Form 8453 must then be scanned into a PDF document and inserted into the e-file return as a PDF attachment. The scanned Form 8453 attached must be named *8453 Signature Document*.

If the e-file data on a corporate income tax return is changed after the taxpayers signs the **Declaration of Taxpayer**, taxpayers must sign a new declaration if the **Total Income amount** differs by more than *$150* or the **Taxable Income amount** differs by more than *$100*.

# REFUNDS AND PAYMENTS

## Refunds

A refund can be applied to next year's estimated tax, received as a direct deposit or paper check, or split so that a portion is applied to next year's estimated tax and the rest received as direct deposit or paper check. Taxpayers who choose direct deposit must provide account numbers and routing numbers to providers for qualified accounts. Qualified accounts must be held by financial institutions within the United States.

## Payment Options

Taxpayers have several choices when paying any taxes owed on their returns.

**Electronic Funds Withdrawal (EFW)** The MeF Program allows a taxpayer to pay the balance due on Form 1065 tax returns or the application for extension of time to file Form 7004 by authorizing an electronic funds withdrawal. If this payment method is chosen, the entire payment, not to exceed 200% of the balance shown on the return, or a partial payment can be made at the time the tax return/extension form is e-filed.

> For Form 7004, the payment must equal the amount shown as the balance due.

The bank account information must be specified from which the payment should be withdrawn and the date on which the withdrawal will be made. This allows the taxpayer to pay the balance due either as soon as the tax return or form is processed, or schedule the payment for withdrawal on a future date that is not later than the return's due date. For returns transmitted after the due date, the payment date must be the same as the date the return is transmitted. Domestic corporations must deposit all income tax payments by the due date of the return using the Electronic Federal Tax Payment System (EFTPS).

For an e-filed Form 7004, an Electronic Funds Withdrawal (EFW) can be used. If using an ERO, a Practitioner PIN is required. If not using an ERO, then an ACH Debit Agreement Indicator must be included in the XML file.

If the EFW is authorized, an IRS Payment record must be attached to the e-file return/extension and an EFW consent statement must be signed.

> For consolidated returns, the payment record can only be attached at the top-level return. Any payment attached otherwise will not be processed.

The following information is required in the payment record:

- Routing Transit Number

- Bank Account Number

- Account Type

- Payment Amount

- Requested Payment Date

- Taxpayer's Daytime Phone Number

It is important to note that the 10-day transmission perfection period does not apply to payments. If a submission was rejected, a return can be corrected within 10 days, and be given the received date of the original rejected return. When a return is rejected on the due date, it is recommended that the EFW payment not be transmitted with the return. The balance due can be paid through Electronic Federal Tax Payment System (EFTPS) or by check or money order.

**Electronic Federal Tax Payment System (EFTPS)** Balances due and estimated taxes can be paid year around using the Electronic Federal Tax Payment System (EFTPS).

If a return is rejected, the time to make a timely payment has lapsed and a payment must still be made, the IRS strongly encourages making the payment using a Federal Tax Deposit through the Electronic Federal Tax Payment System (EFTPS). All business taxpayers are authorized to use EFTPS.

**Payments by Check** Balance due payments can be made by mailing a check. Payments do not have to be mailed at the same time an e-file return is transmitted. For example, the return can be transmitted in January and the taxpayer can mail the payment and voucher at any time on or before the return due date.

# RECORD KEEPING AND DOCUMENTATION REQUIREMENTS

Providers must retain the information listed below until the end of the calendar year in which the return was filed or nine months after a fiscal year return was filed. Providers must make the records available to the IRS upon request:

- A copy of signed IRS E-file Consent to Disclosure Forms for taxpayers who signed using a scanned signature Form (Form 8453).

- A complete copy of the electronic portion of the return that can be readily and accurately converted into an e-file transmission that the IRS can process.

- The acknowledgment file for IRS accepted returns.

- The acknowledgment for all extensions.

Form 8879-PE must be retained for three years from the due date of the return or IRS received date, whichever is later.

E-filers who originate their own returns must retain all information that a taxpayer would retain for the appropriate time period.

Providers can electronically image and store all paper records they are required to retain for IRS e-file. This includes signed signature documents as well as any supporting documents not included in the electronic record. The storage system must satisfy the requirements of Revenue Procedure 97-22, *Retention of Books and Records*.

# CHAPTER 3: DIRECTIONS FOR TAXPAYERS REQUIRED TO E-FILE

Any of these directions for partnerships required to e-file can be used in the software.

## FORMS ALLOWED AS PDF ATTACHMENTS

The forms listed below can be included as PDF attachments.

| FORM | DESCRIPTION | 1065 |
|------|-------------|------|
| Form 1128 | Application to Adopt, or Retain a Tax Year | X |
| Form 3115 (c) | Application for Change in Accounting Method | X |
| Form 8283 (e) | Noncash Charitable Contributions | X |
| Form 8621 (a) | Return by a Shareholder of a Passive Foreign Investment Co. or Qualified Electing Fund | X |
| Form 8716 (d) | Election to Have a Tax Year Other Than a Required Tax Year | X |
| Form 8832 (c) | Entity Classification Election | X |

(a) If filed with the return, required as XML. If received from a third party, allowed as PDF.

(c) If filed with return, required as XML. If previously filed, allowed as PDF.

(d) If filed without signature, required as XML. If filed with signature, allowed as PDF.

(e) Required as XML, unless filing 10 or more returns, or if 3rd party signature is required.

# INFORMATION AVAILABLE UPON REQUEST – TRANSACTIONAL DETAIL FORMAT

Transactional data for the following forms can be submitted on a summary form in XML format as defined below. Partnerships using these optional procedures are agreeing that transactional data details will be made available on request.

| FORM | DESCRIPTION |
|------|-------------|
| Form T | Forest Activities Schedule |
| Schedule D | Capital Gains and Losses |
| Form 4562 | Depreciation and Amortization |
| Form 4797 | Sale of Business Property |
| Form 8824 | Like-Kind Exchanges |
| Form 8873 | Extraterritorial Income Exclusion |

Summary format can be used when the underlying transactional data contains more than 100 lines for that particular data type. The summary totals must be reported by data type, classification, or other grouping as required on the form. If there are less than 100 instances of transactions by data type, classification, or other grouping, the transactions are required to be itemized.

Summary format *cannot* be used to net gain and loss transactions. If an entity chooses to use the summary format to report transactional data, gains and losses must be summarized and reported separately within each form part.

For example, if a partnership had 500 short-term gain transactional items and 2000 short-term loss transactional items, use of the **Summary** format requires the partnership to report two (2) separate totals on Schedule D, Part 1 or Form 4797 under Short-term Gains and Losses, one for the total of the short-term gain items and one for the total of the short-term loss items.

# CHAPTER 4: SPECIAL RETURN TYPES

## SHORT PERIOD RETURNS

In certain situations, a taxpayer might need to file a short period return before the IRS has begun accepting returns for that year, or before software has been released for that year. In such cases, the current year software can be used as long as the actual beginning and ending dates of the short period are used. The return must reflect the laws applicable to the short year return even though the software being used was developed for a prior year return.

When a short period corporate return is being filed, in some cases the regulations require the taxpayer to attach Form 1128, provide an explanation why the short period return is being filed, or cite the applicable Revenue Procedure.

If Form 1128 is used, attach it to the top level of the return as a PDF file and describe it as: ***Form 1128 for Short Period Return***.

If an explanation is required, it can be submitted in the General Dependency XML document or in a PDF file. Provide the regulatory citation and explanation in a General Dependency PDF file with the description: ***Short Period Return Explanation***.

If the reason for a short period return is not listed, use the General Dependency to indicate the reason why a short period return is being filed.

## Setting Up Short Year Returns in the Tax Application

1. Select **Organizer > General information > Basic Return Information > Return Information** tab, and then scroll to the **Dates** section.

2. Select the **Short year return** check box.

3. Enter the beginning and ending fiscal year dates. Be sure that other dates within the return are correct for the short-year return. For example, sales of capital assets should have the correct year for date sold.

4. If applicable, also select one of the **Short Year Period Indicators**, such as *Section 1398*, from the drop-down list on this Organizer screen.

**Figure 4:1**

# SUPERSEDING AND AMENDED RETURNS

The IRS accepts both superseding and amended returns for Form 1065.

A superseding return is a subsequent return filed within the filing period (including extensions). An amended return is a subsequent return filed after the expiration of the filing period (including extensions).

Both superseding and amended returns are required to be e-filed if the taxpayer is required to e-file the original return.

Partnerships that are required to e-file an amended return for a tax year no longer supported by MeF must contact the e-help desk at 1-866-255-0654. The taxpayer should indicate that they are required to file an e-file amended return, since MeF no longer supports the tax year for which they are filing the amended return. Therefore, they are requesting a waiver from the requirement to E-file the amended return.

# Superseding Returns

A superseding return must be a complete XML filing of the entire return with all required forms, schedules, and attachments (XML or PDF, if applicable). All of the business rules for e-filing original returns are enforced for superseding returns.

## Using Superseding Returns

1. Navigate to **Organizer > General Information > Basic Return Information > Return Information** tab, and then select the *Superseded Return* option.

2. Make all necessary changes to this return.

3. The superseded return must be a complete return with all forms, schedules, and attachments.

4. Follow your normal procedures for creating, reviewing, and submitting the e-file.

# Amended Returns

An e-filed amended return is similar to a paper amended return filing in that the amended return is a subset of information from the original return. For 1065 returns, the amended return should include the main form and any changes that were made. For 1065 returns, all business rules applicable for e-filing of the original return are enforced for amended returns.

Starting with 2011, partnerships required to file a Form 8082 along with their amended return need to complete the Form 8082, available electronically, and attach the General Dependency (Small) Form to indicate:

- If you are a Tax Matters Partner (TMP) filing an Administrative Adjustment Request (AAR) on behalf of the pass through entity and you are or not requesting a substituted return treatment.

- If you are an Electing Large Partnership.

For Form 1065, there is an **Amended Return** box in the XML schema. For this form, IRS has not identified a subset of business rules to enforce. In order to pass the business rules for these forms, a complete return must be e-filed.

## Using Amended Returns

For amended returns:

1. Create a new return by selecting **Save As**. This creates a duplicate of the original return. In the new return, select **Organizer > General Information > Basic Return Information > Return Information** tab.

2. Check **Amended Return**, and do the following, as applicable:

   - For 1065 returns, make all necessary changes to the corrected return, and complete the **Amended Return Explanation Statement**. This detail is entered in the Organizer.

   - Include an updated signed Form 8453 or Practitioner PIN information with each amended return.

# CHAPTER 5: ATTACHMENTS TO THE RETURN

Attachments to the tax return include:

- Tax forms

- Statements

- Elections

- Notices

- Schedules

- Other types of miscellaneous information that might be required by IRS form instructions or regulations

- Schedules or additional information that the preparer wants to attach to the return

These attachments can be submitted electronically as XML documents or as PDF attachments.

## XML DOCUMENTS

If the IRS has defined a schema for information to be included in the return, then that information must be provided in XML format. The types of schemas cover:

**Tax Forms** We automatically format, in XML, any tax form information that is included in the return.

**Information Requested on Tax Form Instructions** For example, a tax form line for **Other Income** might include instructions to attach detail. In some cases, the schema provides specific data elements, and in other cases the schema allows for entry of free-form text. We automatically format, in XML, this additional information that is included in the return.

# GENERAL DEPENDENCY

The General Dependency feature allows for the submission of information that is not specified in a predefined schema. This includes information that is requested in regulations or publications, which is not specified in form instructions but must be included in XML format. The IRS created the general dependency schemas to provide a method for submitting in XML other information not specifically defined by other schemas. The IRS general dependency schemas can also be used to include information for IRS workarounds until schemas are updated. The IRS provides two types of General Dependencies:

**General Dependency** Available for Form 1065, this is attached at the return level and allows for an explanation of up to one million characters.

**General Dependency (Small)** Attached at the form or schedule level, this allows for an explanation of up to 5,000 characters. The General Dependency (Small) can be attached to the following forms:

- Form 851

- Form 926

- Form 1065

- Form 1118

- Form 1118 AMT

- Form 3800

- Form 4136

- Form 4562

- Form 4684

- Form 5471

- Form 5713

- Form 6765

- Form 8586

- Form 8834

- Form 8865

- Form 8886

- Schedule K-1 (Form 1065)

- Schedule M-3 (Form 1065)

Data elements for each general dependency include:

- Business Name

- Taxpayer identification number

- Form line or instruction reference

- Regulation reference

- Description: A meaningful title or explanation for the attachment. The IRS uses the description as the General Dependency title when viewing the return.

- Additional information: This is the explanation with the number of characters limited by the general dependency type.

> If the requested information or election requires presentation in a columnar format, the IRS will allow this information to be submitted as a PDF attachment.

## Special Condition Description

The Form 1065 schema includes a Special Condition Description that can be used to provide information without the IRS having to update its schemas. Special conditions calling for additional information might arise from natural disasters, late legislation, recent Revenue Procedures, and so forth. The IRS includes when the Special Condition Description should be used in the *Known Issues and Solutions* file on its Website http://www.irs.gov/.

# PDF ATTACHMENTS

The tax return can also include non-XML documents, known as **binary attachments**, submitted in PDF format. PDF attachments allow taxpayers to provide requested documentation that includes required signatures and third party documents as required by forms and instructions.

Each file attached to a return must contain an unique, meaningful title and description for the attachment. If the description of the file is not representative of its contents, it can result in a delay in the return processing.

The following are examples of descriptions that can also delay processing:

- *Other*

- *PDF Attachment*

- *Miscellaneous Information*

The description is used to identify the attachment when the IRS displays the PDF. PDF files can be created using any available tool, but these IRS guidelines must be followed:

- Do not password protect or encrypt PDF attachments.

- Keep PDF attachments as small as possible.

    ○ If using Adobe Acrobat, avoid requiring compatibility with Adobe Acrobat versions earlier than version 8. Making the PDF file compatible with earlier versions will increase the size of the file.

    ○ Move the compression/quality slider on **Create PDF From Scanner** to higher compression in order to lower the size of the file when the source document is of decent quality and from scanner input.

- Each individual uncompressed PDF cannot exceed *60 MB*. The total of all uncompressed PDF files in the return cannot exceed *1 GB*.

- The file name of each PDF cannot exceed *57* characters, including the file extension.

- The file name *cannot* include the following special characters:

    ◦ Apostrophe (')

    ◦ Double quotation mark (")

    ◦ Left and right angle brackets (<) and (>)

    ◦ Vertical bar (|)

    ◦ Square brackets ([ ])

    ◦ Caret (^)

    ◦ Ampersand (&(the *and* symbol above the number 7 on the keyboard))

    ◦ Slashes (/) and (\)

    ◦ Colon and semicolon (:) and (;)

    ◦ Question and exclamation marks (?) and (!)

    ◦ Asterisk (*)

    ◦ Double periods (..)

# USING THE SYSTEM

All information entered to complete tax forms and supporting detail is automatically included in XML.

General Dependency information applicable to the return level is entered through **Organizer > Federal E-file > Attachments > General Dependencies**. The **Overview** screens contains links to each of the form specific general dependencies (Small General Dependencies).



**GENERAL DEPENDENCY FOR FORM 1120, 1120-L AND 1120-PC (UP TO 1 MILLION CHARACTERS)**

General Dependency

**MEDIUM GENERAL DEPENDENCY FOR FORM 1120-F AND 1120-S (UP TO 100,000 CHARACTERS)**

Medium General Dependency

**SMALL GENERAL DEPENDENCY (UP TO 5,000 CHARACTERS)**

| 851 | 926 | 3800 | 4136 | 4562 | 8834 |
| 8586 | 4684 | 5471 | 5713 | 6765 | 8886 |
| 8938 | 4562 (Depletion) | | | | |

**1118**

| 1118 (Domestic) | 1118 AMT (Domestic) |
| 1118 (International) | 1118 AMT (International) |

**SCHEDULE M-3**

| Schedule M-3 (Form 1120) | Schedule M-3 (Form 1120-S) |
| Schedule M-3 (Form 1120-L) | Schedule M-3 (Form 1120-PC) |

**Figure 5:1**

# CHAPTER 6: ELECTIONS

## GENERAL GUIDELINES

The IRS reviewed all forms and form instructions to identify where taxpayers are required to attach supporting data. ***Wherever the supporting data is located in an election, the IRS has provided specific XML formats that must be used.***

The examples below are samples of elections required by form instructions:

| INSTRUCTIONS | ELECTION REQUIRED |
|---|---|
| Form 8697 | De Minimis Exception Election |
| Form 4562 | Election Not to Claim Special Depreciation Allowance |

The IRS has not reviewed all regulations and publications to identify every possible election. Rather than performing this analysis and then defining specific schemas to match each of these elections, the IRS created a **General Dependency** schema.

The General Dependency schema is used for most disclosure statements and elections required by regulations or IRS publications. The General Dependency schema includes the following elements:

**Form Line or Instructions Reference (Optional)** Complete this field when the election is made based on information on IRS forms or form instructions, and the IRS has not defined a specific format.

**Regulation Reference (Optional)** Use this field to identify information for elections made based on information contained in regulations or publications.

**Description (Optional)** Use this field to enter a brief explanation of the election.

**Attachment Information (Optional)** Use this field to include additional information or to reference PDF attachments.

The current IRS schema definitions do not support information entered in a columnar format. For elections requiring columnar format, the IRS allows these to be included in the return as PDF attachments. Separate PDF files must be created for each election, and the regulation reference should be used in the name of the PDF file.

# EXAMPLES OF ELECTION FORMATS

The examples below illustrate how elections can be formatted:

**Election Not Containing Columnar Data** Election data not containing columnar data must be reported using the IRS-defined schema for that election. If no schema has been defined, then the General Dependency schema must be used.

**Regulation Reference** IRC Section 172(b)(3)

**Description** Election to Forego Net Operating Loss Carryback

**Attachment Information** Pursuant to IRC Sec. 172(b)(3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss incurred in this tax year ended December 31, 2023.

**Election That Applies to Multiple Subsidiaries** Elections that apply to multiple subsidiaries and do not contain columnar data must be reported using the IRS-defined schema for that election. If no schema has been defined, then the General Dependency schema must be used.

**Regulation Reference** IRC Section 172(b)(3)

**Description** Election to Forego Net Operating Loss Carryback

**Attachment information** Pursuant to IRC Sec. 172(b)(3), taxpayer hereby elects to relinquish the entire carryback period with respect to the net operating loss incurred in this tax year ended December 31, 2023, for the following subsidiaries:

- ABC Corporation

- CDE Corporation

- EFG Corporation

**Election That Contains Columnar Data** Elections that require columnar data may be attached as PDF files. Separate PDF files must be created for each election. Use the regulation reference to create the name of the PDF file.

**PDF Details** IRS Section 195(b) Election to Amortize Start-Up Expenditures

**Taxpayer Name** ABC Corporation

**Taxpayer ID Number** 10-0000002

**Year-end** December 31, 2023

In accordance with IRC Sec. 195, taxpayer hereby elects to amortize all start-up expenditures over a period of 60 months beginning with July 1, 2023, which is the month that the active trade or business began.

The start-up expenses incurred are:

| DESCRIPTION OF EXPENSE | DATE | AMOUNT |
|---|---|---|
| Attorney Fees | 02/01/2023 | $321,654 |
| Accounting Fees | 03/17/2023 | $34,908 |

**Elections That Require Supporting Data** Some disclosure statements and/or elections require supporting data that cannot be entered into the General Dependency schema (that is, Plans of Merger, Plans of Reorganization, meeting notes, etc.). The IRS allows this type of supporting data to be attached to the General Dependency schema as a PDF file. The actual disclosure statement and/or election must be entered into the required format, and only the supporting data may be submitted as a PDF file.

# USING THE APPLICATION

The application provides several methods for entering federal tax elections. Each method for entering elections can be completed in **Organizer > Federal Tax Elections**.

# E-file Tax Elections

The **E-file Tax Elections** (**Organizer > Federal Tax Elections > e-File Tax Elections > e-File Tax Elections**) screens are used for entering IRS Defined Elections. These elections are included in the XML file using the specific IRS-defined schemas.

**IRS Defined Elections**

IRS reviewed all forms and form instructions to identify where taxpayers are required to attach elections. For these elections, IRS defined specific schemas formatted to report the election requirements.

**Note:** IRS has indicated that these specific schemas MUST be used to include tax election information in the XML portion of the electronic file. You must use the Organizer screens under Federal Tax Elections | e-File Tax Elections, to enter these elections.

| Election Title | Applicable Form | Enter Election |
|---|---|---|
| 52 - 53 Week Tax Year Election | 1120 | Go to Election |
| Amortization Election Statement | 4562 | Go to Election |
| Annual Recapture Revocable Election Statement | 1118, Sch J | Go to Election |
| Common Taxable Year Election Statement | 5713 | Go to Election |
| Cooperative Election to Allocate Credit Among Patrons | 6478 | Go to Election |
| De Minimis Exception Election | 8697 - LT contracts | Go to Election |
| Deemed Dividend Election Statement | 8621 | Go to Election |
| Defer Gain from Qualifying Electric Transmission | 1120 | Go to Election |
| Delayed Reapplication Method Election | LT contracts | Go to Election |
| Mark to Market Accounting Method Election | 4797 | Go to Election |
| Mixed Straddle Account Election Statement | 6781 | Go to Election |
| Post Completion Adjustments Election | LT contracts | Go to Election |
| Reduce Basis of Depreciable Property Under IRC 1017 Statement | 982 | Go to Election |
| Reduce Liabilities under Reg. Sec. 1.884-1(e)(3) | 1120F | Go to Election |
| SSBIC Election to Postpone Gain Statement | 1120, Sch D | Go to Election |
| Securities or Commodities Held by Trader | 4797 | Go to Election |
| Simplified Marginal Impact Method Election | LT contracts | Go to Election |
| Small Ethanol Producer Credit Election | 6478 | Go to Election |
| Source of Distribution Election Statement | 1120 | Go to Election |
| Special Depreciation Allowance Election | 4562 | Go to Election |
| Tonnage Tax Regime Election | 1120 | Go to Election |

**Figure 6:1**

Select the hyperlink (**blue**) in the **Enter Election** column to go to the specific election selected.

# Predefined Elections

Many elections are included in the Organizer where you can choose those that are applicable to the return. These elections are included in the XML file using the General Dependency schema. For example, the IRC §72(b) election is found in **Organizer > Federal Tax Elections > Predefined Elections > Code Selection 43-174(b) > Sec 72(b)**.



**Figure 6:2**

# Account-defined Elections

You have the ability to set up your own elections in Tax Defaults, These elections are displayed within **Organizer > Federal Tax Elections > Account Defined Elections** when you open your return. Then you can select those elections that might apply to this return.

Modifications can be made to these elections, but **Account Defined** elections cannot be added within the return.



**ACCOUNT DEFINED ELECTION**

☐ Include this election in the return

Taxpayer Name:

Taxpayer ID Number:

Year-end: MM/DD/YYYY

Short Description **(Mandatory)**......................................

☐ Include Short Description in printed election

**Electronic Filing Note: The short description MUST begin with the word "Election" to be accepted by the IRS.**

Form and Line, or Instruction Reference (Optional)

Code or Regulation Reference......................................

Election Explanation
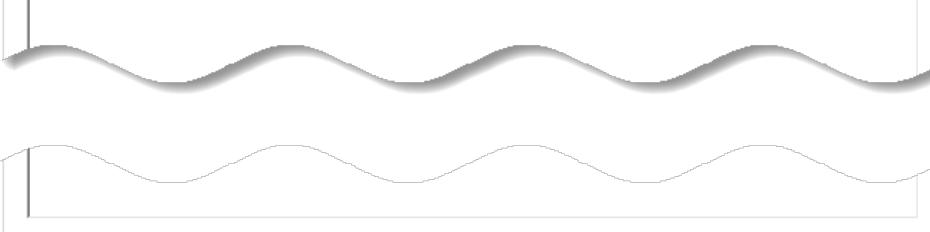
**Figure 6:3**

# Preparer-defined Elections

You can add your own return-specific elections using the **Preparer-Defined Elections** screen by entering a new **Short Description**.



**Figure 6:4**

These elections are included in the XML file using the **General Dependency** schema.
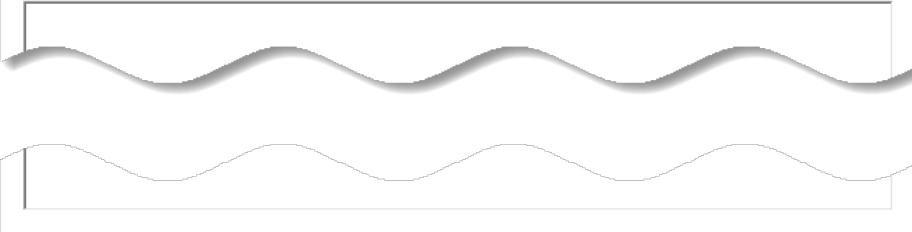


PREPARER DEFINED ELECTION

☐ Include this election in the return

Taxpayer Name:

Taxpayer ID Number:

Year-end: MM/DD/YYYY

Short Description **(Mandatory)**.....................................

☐ Include Short Description in printed election

**Electronic Filing Note: The short description MUST begin with the word "Election" to be accepted by the IRS.**

Form and Line, or Instruction Reference (Optional)

Code or Regulation Reference....................................

Election Explanation

**Figure 6:5**

# CHAPTER 7: AGGREGATING XML FILES

International forms existing in other returns can be merged into the primary partnership return XML file. The other return could have been prepared using third party software, or could be a GoSystem Tax or ONESOURCE return. All that is needed is a valid XML file from the other return.

This process aggregates (merges) parts of the third party XML file containing international forms with the primary return XML file. Other parts of the third party XML file are ignored.

See **1065 Forms That Can Be Aggregated** for a list of forms that can be aggregated in 1065.

## TYPES OF AGGREGATION

- **Aggregating International Forms from Returns Created with Third Party Software (page 32)**

- **Aggregating Forms from International Member Returns (page 37)**

- **Completing the Aggregated Partnership Return (page 47)**

- **Aggregating Partnership K-1s (page 48)**

- **Reviewing the E-file Return (page 79)**

## AGGREGATING INTERNATIONAL FORMS FROM RETURNS CREATED WITH THIRD PARTY SOFTWARE

To aggregate XML files, attach the XML file of the other return to the primary return.

1. Within the primary return, in **Organizer > Federal E-file > International > Third Party XML**, select the **Attach Third Party XML File** button on the **Third Party XML** screen.
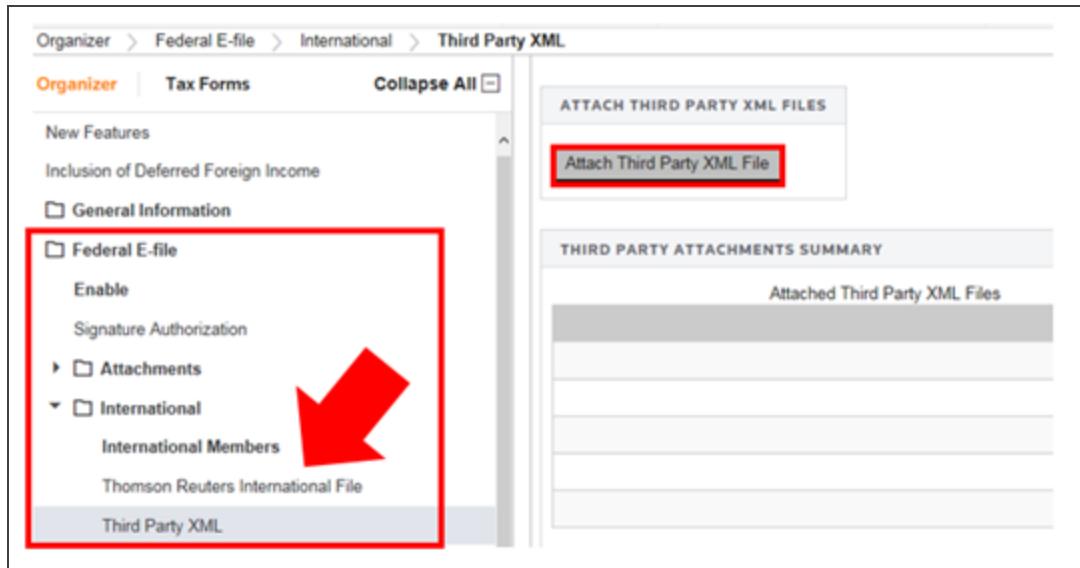


2. On the **Electronic Filing Attachments** window, select **Add**.
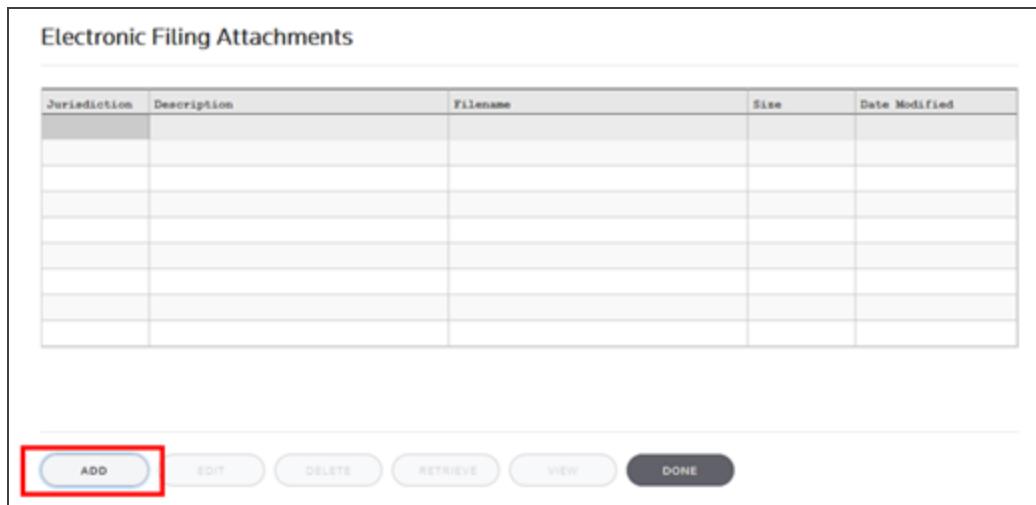
3.  On the **Add Attachments** dialog box, select **Third-Party XML File** from the drop-down list, and then select **Next**.
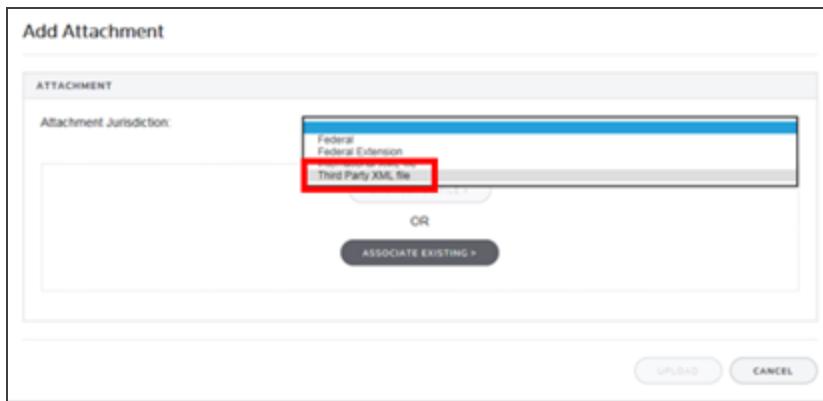


4.  Select **Browse for File** and select the applicable XML file.
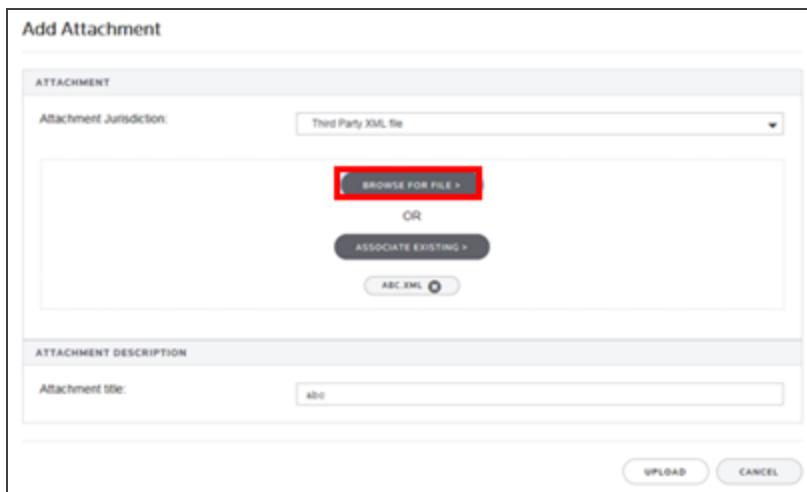
5. Select **Upload** to attach the file.
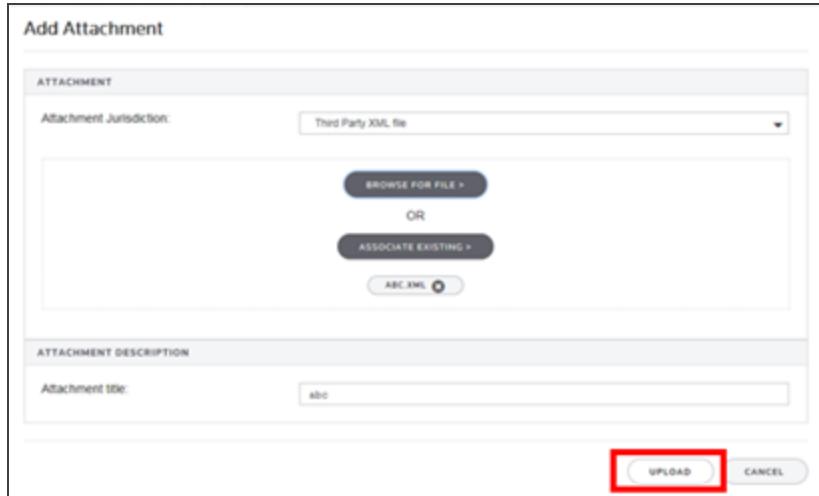


6. Repeat this process for each XML file to be included. Select **Done** when finished.

> To delete third party XML files, highlight the attachment on the **Electronic Filing Attachments** screen, and then select **Delete**.
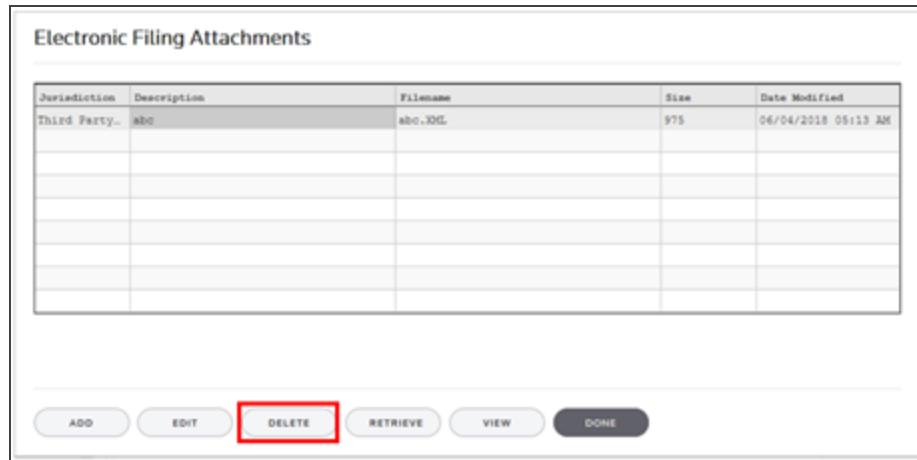
7. After attaching all the XML files, confirm that the XML attachment details are correct in the **Third Party Attachments Summary** on the **Third Party XML** screen.
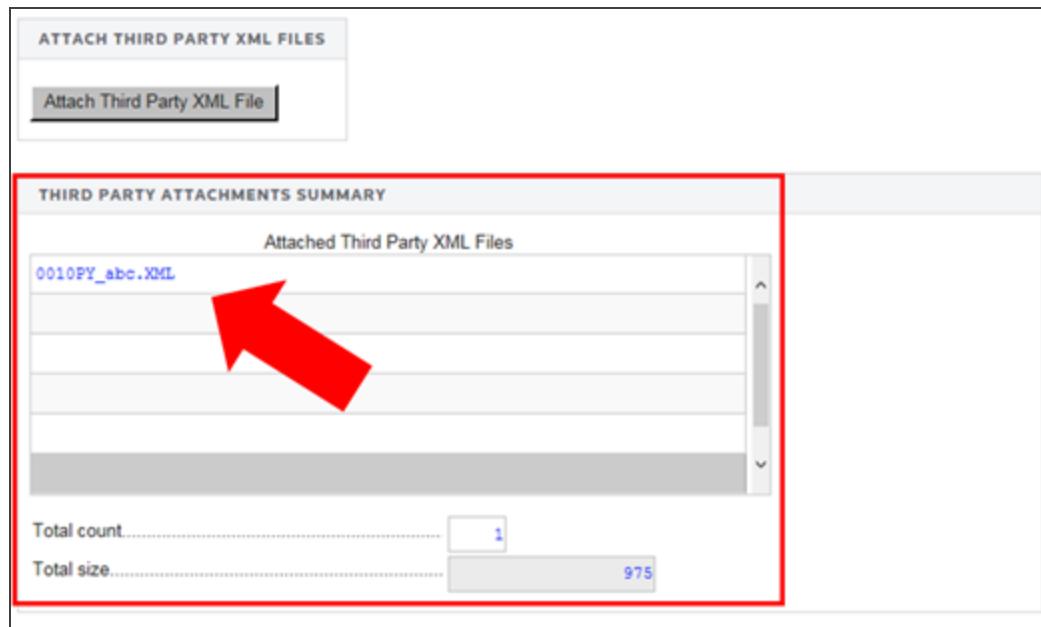


> The attached XML file names include the locator number of the primary return.

8. The attached XML files must be validated to detect XML errors. Select the **Validate Third-Party XML File** button on the **Third Party XML** screen.



If validation errors exist:

1. Delete the attachment.

2. Use the third-party software to correct the error.

3. Recreate a new XML file.

> The aggregation process cannot be completed if any third party XML files contain validation errors.

# AGGREGATING FORMS FROM INTERNATIONAL MEMBER RETURNS

ONESOURCE and GoSystem returns can be created that include only international forms. The international forms in these returns can still be aggregated into the final primary return. Under this scenario, international XML files (referred to as XIT files during this process) are created from corporate subsidiary returns and then aggregated with corporate top consolidation returns or partnership returns.

## Creating International Forms and Designate International Member Return

1. Using a corporate subsidiary return, complete all information necessary to generate your international forms. When entering data for the international forms, related forms must be properly associated. For example, a Form 8858 related to a specific Form 8865 should be entered in the correct Form 8865 Organizer folder. Any number of subsidiary returns can be used.

2. In the Organizer of a subsidiary return, select **Federal E-file > International Member Return**. Select the check box to designate this return as an **International Member Return**. As a result, the XIT file created for this return will only include information for the international forms.

---
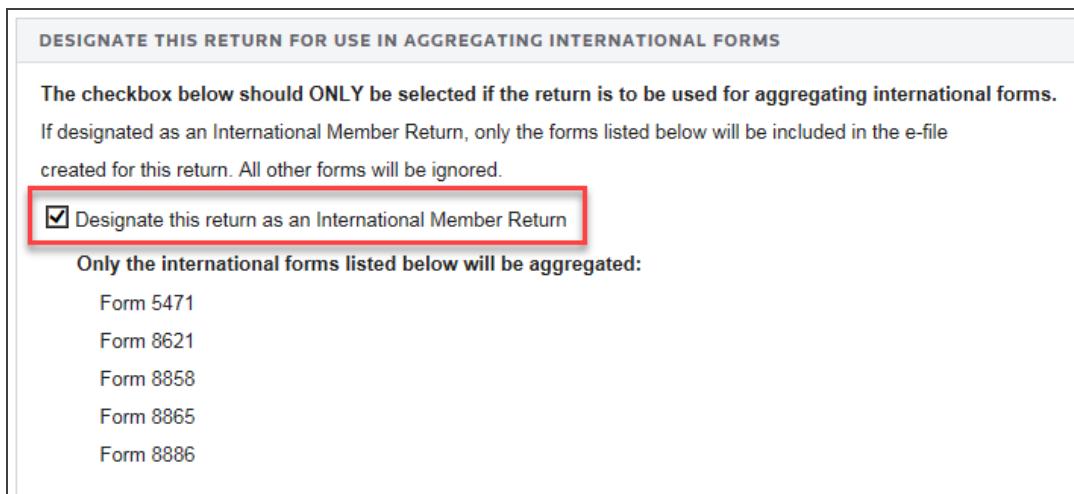
**DESIGNATE THIS RETURN FOR USE IN AGGREGATING INTERNATIONAL FORMS**

The checkbox below should ONLY be selected if the return is to be used for aggregating international forms.

If designated as an International Member Return, only the forms listed below will be included in the e-file created for this return. All other forms will be ignored.

☑ Designate this return as an International Member Return

    Only the international forms listed below will be aggregated:

        Form 5471

        Form 8621

        Form 8858

        Form 8865

        Form 8886

---

**Figure 7:1**

3. Even though the international forms are prepared in these International Member Returns, the XIT files are not created here. Instead, these XIT files will be created within a top consolidation return.

# Creating XIT File in a Corporate Top Consolidation Return

1.  To create the International E-file (XIT file), *the top consolidation return must first be enabled for aggregation*. To enable aggregation, in the Organizer of the top consolidated return:

    a.  Enable e-file within the **Federal E-file** folder.

    b.  Select **International > Aggregation Within Same Account**.

**Figure 7:2**

    c.  Select the **Enable international E-file aggregation using Thomson Reuters XIT file** check box.

    d.  In the **International Members List** section, list each of the International Member Returns by **Locator Number**. Each return must be from the same account as the top consolidation return.

> Remember, the International Member Returns are the subsidiary returns containing the international forms.

2. With this top consolidation return enabled for e-file aggregation, the **Create E-file** screen now includes three separate **Create** buttons. On the **Create E-file** screen shown below:
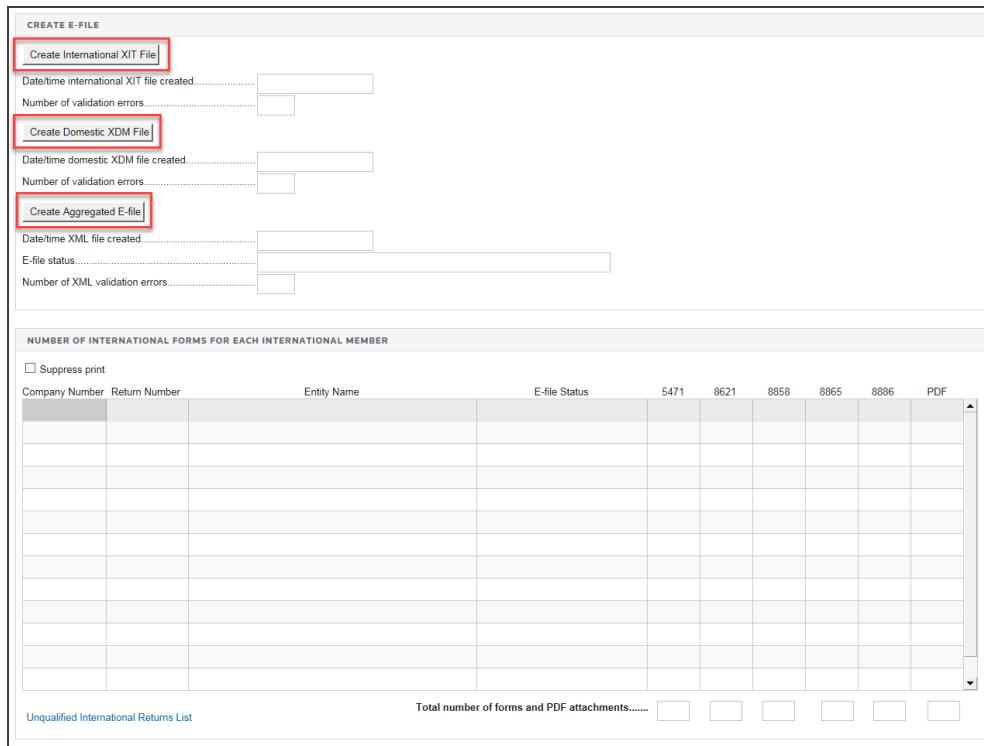


**Figure 7:3**

a. Select the **Create International XIT File** button to create the XIT file.

b. After the XIT file is created, review the **Number of International Forms for Each International Member** section.

c. The International XIT file is now available to download for aggregation with corporate top consolidation returns or partnership returns.

# Downloading International XIT File

To download the international XIT file:

1. In RS Browser, select **Returns Processing > E-file > Download**.
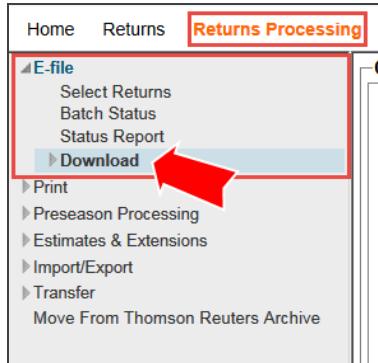


**Figure 7:4**

2.  On the resulting **Electronic Filing Download** screen, select **Intl - Fed International** from the drop-down list for the Jurisdiction.

**Figure 7:5**

3.  Select **Continue** on the **Electronic Filing Download** screen after selecting the search criteria for the top consolidation return used to create the international XIT file.

4.  On the resulting screen, select the check box for the desired return.



**Figure 7:6**

5.  Select **Continue**, and follow the on-screen instructions to complete the download.

# Completing E-file: Top Consolidation Return

**Step 1: Attach International XIT File.** This top consolidation return does not have to be the same return used to create the XIT file.

1.  Select **Federal E-file > International > Aggregation Within Same Account**. Be sure the **Enable international E-file aggregation using Thomson Reuters XIT file** check box is selected.

2. Select **Organizer > Federal E-file > International > Thomson Reuters International File**. Then select the **Attach Thomson Reuters XIT File** button.



**Figure 7:7**

3. On the resulting **Electronic Filing Attachments** screen:



**Figure 7:8**

    a. Select the **Add** button.

    b. On the **Add Attachments** pop-up dialog box, select **International XML File** from the drop-down list.

    c. Browse to and select the applicable XIT file, and click **Upload**.

    d. On the **Electronic Filing Attachments** screen, the uploaded file will appear in the attachments list. Select **Done**.

4. After attaching the XIT files, confirm that the XIT attachment details are correct in the **Attached XIT File Name** section.

    The attached XIT file names will include the locator number of the primary return.

**Step 2: Create Domestic XDM File**. A domestic XML file (referred to as an XDM file during this process) must now be created that includes all other information from the consolidated group. The domestic XDM file includes all forms from the parent and each subsidiary. After consolidation, complete all other e-file steps, including the review of reject diagnostics.

On the **Create E-file** screen, this time, select the **Create Domestic XDM File** button.



**Figure 7:9**

**Chapter 7: Aggregating XML FIles**      46
Aggregating Forms from International Member Returns

**Step 3: Create Aggregated E-File**. The final step combines the International XIT files and the Domestic XDM file into one.aggregated XML file ready for submission to the IRS.

On the **Create E-file** screen, select the **Create Aggregated E-file** button.
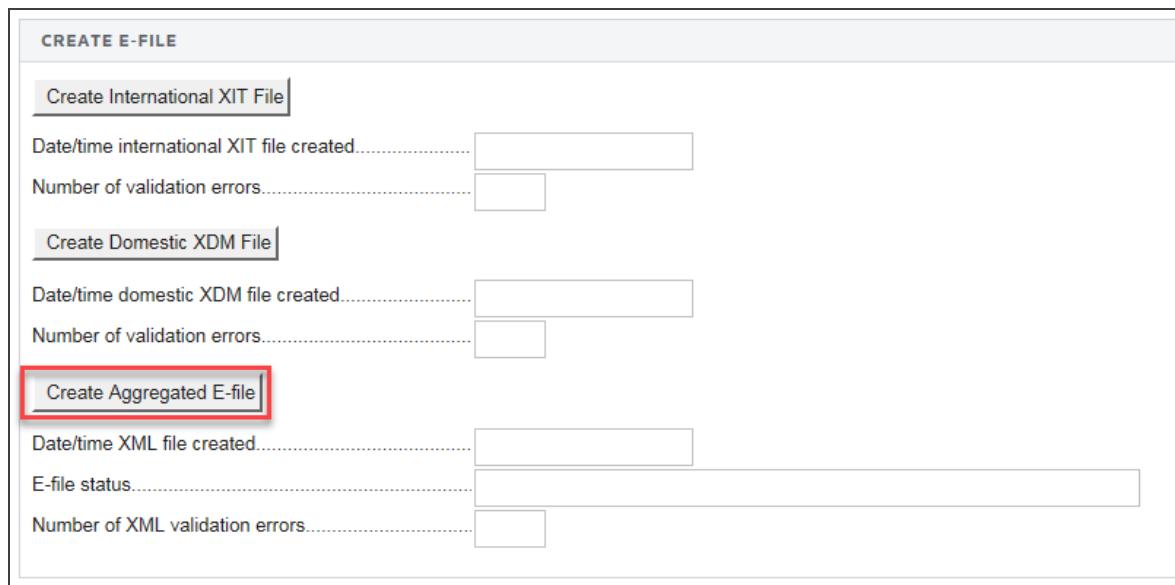


**Figure 7:10**

THOMSON REUTERS
1065 E-FILE GUIDE

# COMPLETING THE AGGREGATED PARTNERSHIP RETURN

**Step 1: Attach International XIT File**. To complete the partnership e-file return:

1. In the Organizer, select **Federal E-file > International > Thomson Reuters International File**.

2. Select the **Attach Thomson Reuters XIT File** button.
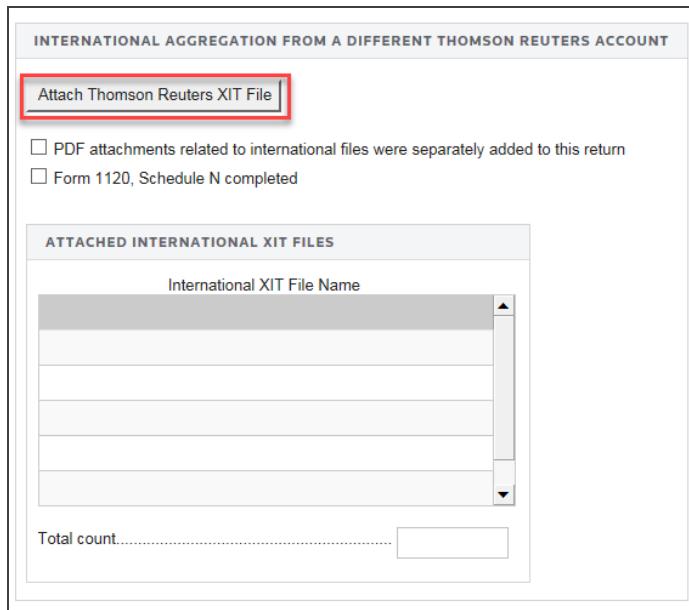
3. On the resulting **Electronic Filing Attachments** screen, select **Add**.

4. On the **Add Attachments** pop-up dialog box, select **International XML File** from the drop-down list, and then select **Next**.

5. Browse to and select the applicable XIT file.

6. On the **Electronic Filing Attachments** screen, select **Done**.

7. Repeat this process for each XIT file to be included.

8. After attaching the XIT files, confirm that the XIT attachment details are correct in the **International Aggregation** section at the bottom of the screen.

> The attached XIT file names include the locator number of the primary return.

**Step 2. Create Aggregated E-file**. This step combines the International XIT files into the XML file of the primary return.

On the **Create E-file** screen, select the **Create Federal E-file** button.



**Figure 7:12**

> In all cases, be sure to review the **E-file Viewer** to confirm the international forms are included in the complete XML file as expected.

# AGGREGATING PARTNERSHIP K-1S

This process takes parts of the XML file containing federal Schedule K-1s and merges them into the final XML file that is e-filed.

**Step 1: Attach Federal K-1 XML File**. Within the *primary* return:

1.  Go to **Organizer > Federal E-file > Attachments > K-1 Aggregation**.



Figure 7:13

2.  Select the **Attach K-1 Aggregation XML File** button.

3.  On the **Add Attachments** pop-up dialog box, select **Federal K-1 Aggregation** from the drop-down list.

4.  On the **Add Attachments** pop-up dialog box, select **Federal K-1 Aggregation** from the drop-down list.

5.  Browse to and select the applicable file.

6.  Enter the attachment title.

7.  Select **Upload**.

8.  On the **Electronic Filing Attachments** screen, click **Done**.

9.  Repeat this process for each XML file to be included.

10.  To delete the federal K-1 XML files, highlight the attachment on the **Electronic Filing Attachments** screen, and then select **Delete**.

11. After attaching the XML files, confirm that the XML attachment details are correct in the **K-1 Attachments Summary**. Note that the attached XML file names will include the locator number of the primary return.

> The attached XML files must be validated to detect XML errors. If validation errors exist, delete the attachment. Correct, and then recreate a new XML file for attachment.

**Step 2: Create Aggregated E-file**. The final step combines the federal K-1 files into the XML file of the primary return.

On the **Create E-file** screen, simply select the **Create Federal E-file** button.
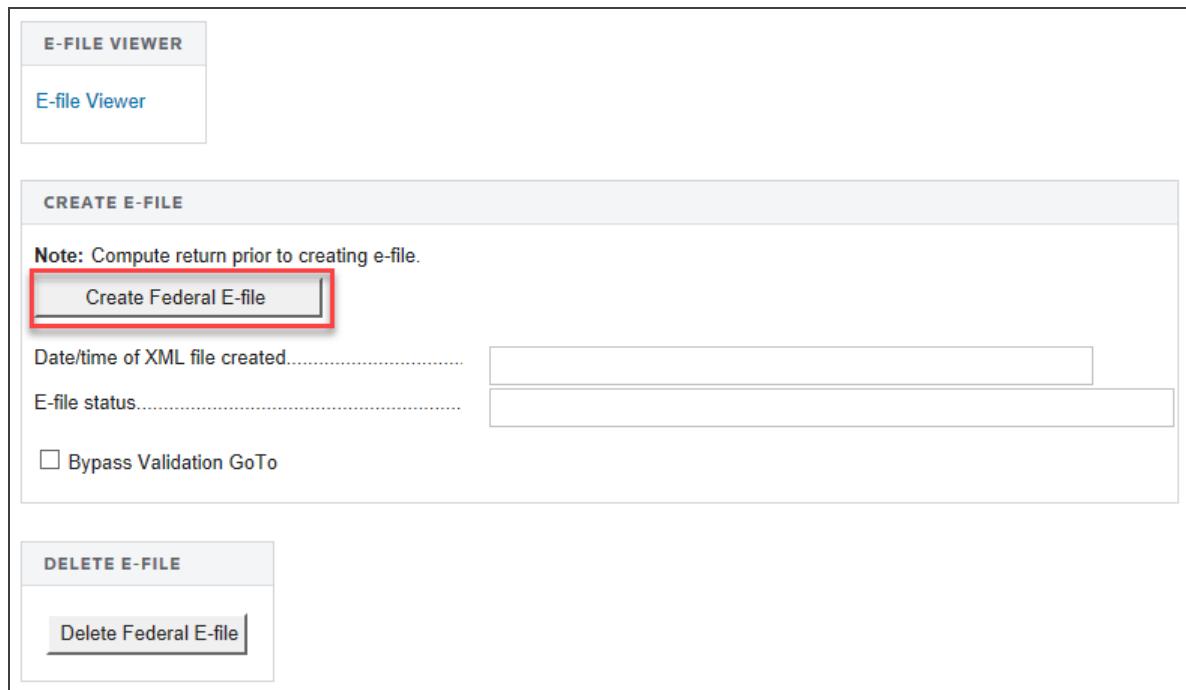


**E-FILE VIEWER**

E-file Viewer

**CREATE E-FILE**

Note: Compute return prior to creating e-file.

Create Federal E-file

Date/time of XML file created...................................

E-file status...........................................................

☐ Bypass Validation GoTo

**DELETE E-FILE**

Delete Federal E-file

**Figure 7:15**

> In all cases, be sure to review the **E-file Viewer** to confirm the federal K-1s are included in the complete XML file as expected.

> The K-1 aggregation XML file that is being attached must NOT include any elements with a value of >0<. These elements are not required and should be removed. The IRS does not want these elements to be included in the e-file submission.

# CHAPTER 8: STEPS TO E-FILING A RETURN

These steps apply to e-filing the return and extension, unless specifically noted:

1. **Enable e-file.** (See **Enabling E-file (page 52)**.)

2. **Select a signature authorization method.** (See **Signature Authorization (page 55)**.)

3. **Review PDF attachments.** (See **Attachments (page 58)**.)

4. **Enter General Dependencies for the return**. (See **General Dependency (page 63)**.)

5. **If applicable, attach separate XML files for international forms.** (See **International Form Attachments (page 65)**.)

6. **Review additional information specific to this e-file return.** (See **Additional Information (page 66)**.)

7. **Check for errors by generating a validation file.** (See **Error Checking (page 66)**.)

8. **Create the e-file.** (See **Creating the E-file (page 68)**.)

9. **Review the status of the XML file.** (See **Reviewing the Status of the XML File (page 69)**.)

10. **Review the history of e-file creation and deletion.** (See **Checking the E-file History (page 70)**.)

11. **Transmit the e-file.** (See **Transmitting the E-file (page 71)**.)

12. **Check the status of the e-file submission.** (See **Checking the E-file Status (page 72)**.)

## ENABLING E-FILE

> The following steps are shown for an 1120 e-file but similar steps are found for the federal e-file extension, and for Form 1065. Folder names and screen text might differ in these instances but the process of filing remains the same. If using the New Organizer with new improved visibility, content appears to be different but content and steps remain the same.

1.  In the Organizer, select the **Federal E-file** (or **Federal E-file Extension**) folder.
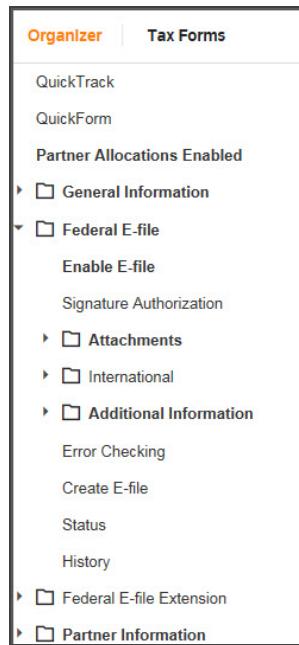
**Figure 8:1**

2.  Select **Enable** (or **Enable Extension**).

3.  On the **Enable E-file** screen, all three substeps (a, b, and c( are required:



**Figure 8:2**

   a.  Select the **Enable Federal E-file** check box. Selecting the **Suspend federal E-file** check box allows qualified e-files to be created, but prevents the return from being displayed as a return that can be submitted.

   b.  Enter the **Electronic Filing Identification Number (EFIN)**.

   c.  Select the option for the **Type of Originator**: **ERO** or **Large Taxpayer**.

# SIGNATURE AUTHORIZATION

1.  On the **Signature Authorization** screen:



**Figure 8:3**

> The **Signature Authorization** screen for federal e-file extensions appears different but requests much of the same information.

**Figure 8:4**

2. In the **Signature Option** section, select either the **Form 8879 Practitioner PIN** or the **Form 8453 scanned signature document** option.

3. If the **Form 8879 - Practitioner PIN** option is selected, complete the additional information to create the PINs in the **PIN Entered By** and **PIN Information** section by selecting the appropriate option button and check boxes.

# ATTACHMENTS

An attachment is additional information that can be included in the e-file as part of the XML file, or included as a separate PDF file. Elections are also included in the XML file. An election containing columnar data can be attached as a separate PDF file.

## PDF File Attachments

Follow these steps to attach PDF files:

1. Go to **Federal E-file > Attachments > PDF Attachments > Summary** screen, and select the **Attach PDF** button.
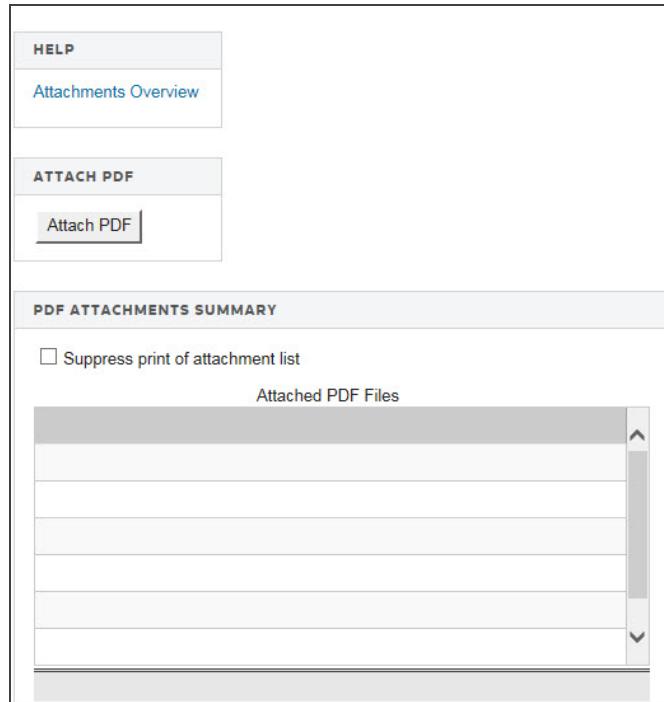
**Figure 8:5**

2.  The following **Electronic Filing Attachments** screen is displayed:



**Figure 8:6**

3. On the **Electronic Filing Attachments** screen, select **Add** to add a new attachment.

**Add Attachment**

**ATTACHMENT**

Attachment Jurisdiction:          Federal

BROWSE FOR FILE >

OR

ASSOCIATE EXISTING >

**ATTACHMENT DESCRIPTION**

⦿ Predefined description:          8453 Signature Document

○ User defined description:

UPLOAD          CANCEL

**Figure 8:7**

4. On the **Add Attachment** pop-up screen, select the **Attachment Jurisdiction** from the drop-down list that applies to this attachment. Select **Next**.

5. The next dialog box allows you to browse to the location of the desired PDF file. Highlight the PDF file, and then select **Open**.

6. The **Add Attachment to Federal Return** pop-up screen displays information about the selected attachment. You must now select a meaningful title for the attachment. Either you can elect one of the listed titles by selecting the **IRS predefined description** option, or enter your own **User defined description**. The default user-defined title is the file name, without the extension. After selecting either option, select **Finish**.

   The IRS has created lists of recommended names and descriptions for PDF attachments at **http://www.irs.gov/Tax-Professionals/e-File-Providers-&-Partners/Recommended-Names-and-Descriptions-for-PDF-Files-attached-to-Modernized-e-File-MeF-Business-Submissions**.

7. A pop-up dialog box confirms the *Attachment successfully added*. Select **OK**.

8. The selected PDF file now appears in the **Electronic Filing Attachments** window showing the selected jurisdiction, attachment title (description), file name, file size, and date modified. Select **Done** to complete the attachment.

9. The details for each PDF attachment are displayed below the **Summary** screen. The name of the attached file should appear under that file folder. Details for each PDF attachment are presented on a separate detail screen.

# Forms Allowed as PDF Files

The IRS allows attachment of certain forms as PDF files instead of requiring the forms to be included in the XML file. Navigate to **Organizer > Federal E-file > Attachments > PDF Attachments > Additional Information > Forms Allowed as PDF** tab.

These forms listed in the **PDF Attachments** section can be attached as PDF files without meeting any other requirements. If using this option, by checking the applicable boxes, the form is prevented from inclusion in the XML portion of the e-file. Also, they must use the predefined titles from the PDF attachment dialog.

If information has been entered in Organizer for any of these forms, but you intend to attach the form as a PDF file, select the check box(es) to prevent those forms from being included in the XML file.

# Transactional Data

The IRS allows summary data to be reported for the following forms:

- Form T: (Timber) Forest Activities Schedule

- Form 4562: Depreciation and Amortization

- Form 8873: Extraterritorial Income Exclusion

- Form 4797: Sale of Business Property

1. Go **to Organizer > Federal E-file > Attachments > PDF Attachments > Additional Information > Transactional Data** tab.
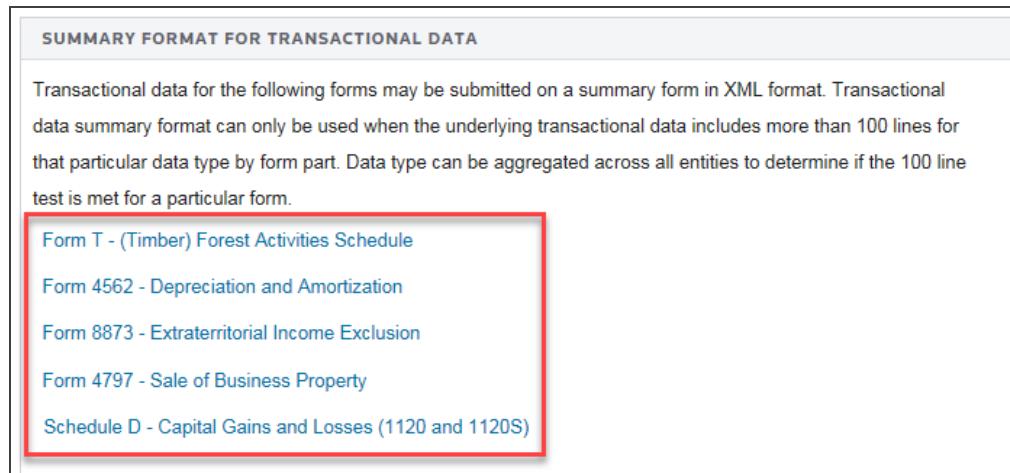
SUMMARY FORMAT FOR TRANSACTIONAL DATA

Transactional data for the following forms may be submitted on a summary form in XML format. Transactional data summary format can only be used when the underlying transactional data includes more than 100 lines for that particular data type by form part. Data type can be aggregated across all entities to determine if the 100 line test is met for a particular form.

Form T - (Timber) Forest Activities Schedule

Form 4562 - Depreciation and Amortization

Form 8873 - Extraterritorial Income Exclusion

Form 4797 - Sale of Business Property

Schedule D - Capital Gains and Losses (1120 and 1120S)
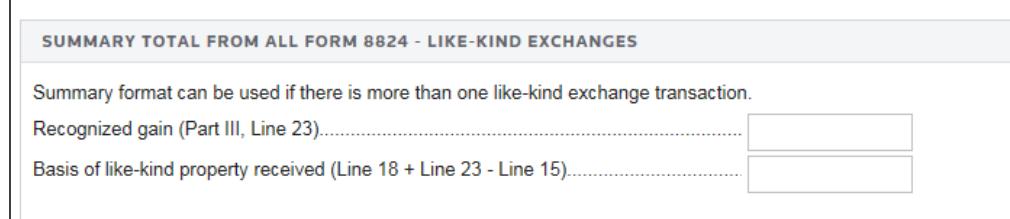
SUMMARY TOTAL FROM ALL FORM 8824 - LIKE-KIND EXCHANGES

Summary format can be used if there is more than one like-kind exchange transaction.

Recognized gain (Part III, Line 23)......................................................................

Basis of like-kind property received (Line 18 + Line 23 - Line 15)................................

**Figure 8:8**

2. Follow the hyperlink (boxed in **red**) for each of the five forms to access the screen where you can enter the transactional data.

# General Dependency

A General Dependency is used for the submission of information that is not specified in a predefined schema. For each form that allows attachment of a general dependency, the **Overview** screen displays links to access general dependency information. Select a link to access a specific item.



**Figure 8:9**

## Attachments Included in the XML File

The General Dependency schema is used to include information at the return level for Form 1065. The **General Dependency – Small** is used at the form level of all return types for the following forms:

- Form 851

- Form 926

- Form 1065

- Form 1118

- Form 1118 AMT

- Form 3800

- Form 4136

- Form 4562

- Form 4684

- Form 5471

- Form 5713

- Form 6765

- Form 8586

- Form 8834

- Form 8865

- Form 8886

- Form 8938

- Schedule K-1 (Form 1065)

- Schedule M-3 (Form 1065)

## General Dependency at the Return Level

To add a General Dependency:

1. Select **Attachments > Add General Dependency**.

2. Select **Add new Description**.

3. In the **Add new Description** dialog box, add a description in the field provided. An unlimited number of general dependencies can be added. Select **OK** to close.

4.  Based on the return type, this information is automatically included in the XML file using the correct general dependency schema.



**GENERAL DEPENDENCY DETAIL**

Business Name......................................................

Business Name (cont'd)......................................

**ID TYPE**

○ EIN     ○ Applied for     ○ Foreign     ○ Not applicable

EIN.........................................................................

Description...........................................................

Description (cont'd).............................................

Form line / instruction reference.......................

Form line / instruction reference (cont'd)............

Regulations / publications reference...................

Regulations / publications reference (cont'd)..........

**ATTACHMENT INFORMATION**

Number of characters...........................................

Maximum number of characters..........................

**Figure 8:10**

# International Form Attachments

See **Aggregating International Forms from Returns Created with Third Party Software (page 32)** for more information on international forms.

# ADDITIONAL INFORMATION

Navigate to **Organizer > Federal E-file > Attachments > Additional Information** for details on the following items:

- **Forms Included in E-file** Shows a listing of every form that is included in the e-file based on conditions existing in the return. However, the forms included in the e-file cannot be changed on this screen.

- **Business Name Control** Shows the system generated Name Control used by the IRS in conjunction with the taxpayer's EIN.

- **Signature Documents** Shows links to the tax form documents based on the signature authorization option.

- **Foreign Entity Identification** Appears only on top consolidation returns.

- **Special Conditions** Allows a description of a special condition that is included with the return.

# ERROR CHECKING

Before a qualified e-file can be created, all e-file errors must be cleared.

## Types of E-file Errors

**Reject Diagnostics** Reject diagnostics identify conditions in the return, which result in an IRS rejection for failure to meet IRS Business Rules. Reject diagnostics also identify many of the common conditions that can result in an XML validation error. The conditions generating the reject diagnostic must be corrected before a qualified e-file can be generated.

**Alert Diagnostics** Alert diagnostics might also be present. While Alert diagnostics do not prevent the creation of a qualified E-file, the conditions causing these diagnostics should still be investigated since they can reveal input errors.

**XML Validation Errors** Data that does not meet the strict schema formatting requirements of the IRS schemas result in XML validation errors. Reject diagnostics and XML validation errors are displayed within a return in the **View > Diagnostics** menu.

# Clearing Reject Diagnostics

With e-file enabled, reject diagnostics are generated whenever conditions within the return fail to meet IRS business rules, or when conditions exist that lead to the most common validation errors. Since reject diagnostics can be generated at any time when the return data is changed, frequent review of the diagnostics during the return preparation process should make creating a qualified e-file less time-consuming.

Review reject diagnostics in the **View > Diagnostics** menu. For most diagnostics, selecting on the diagnostic description should take you to the source fields that need attention. Where this **GoTo** functionality is not available, the steps for navigating to the source fields should be listed in the diagnostic description.

# Correcting XML Validation Errors

XML errors are identified when an e-file is created. But prior to creating this e-file, perform error checking by generating a validation file. This allows you to select each error and be taken to the source of the error.

On the **Error Checking** screen, select the **Generate Validation File** button. Once the validation file is completed, the Number of validation errors field indicates if any XML errors exist. If errors exist, use the **View > Diagnostics** menu to access the validation errors with **GoTo** functionality enabled.



**Figure 8:11**

- The XML file created during error checking is not transmitted to the IRS. selecting the validation error takes you to the source of the error, using **GoTo** functionality. This can be either a Tax Form or an Organizer field. However, if it is a Tax Form field, you should hyperlink to the applicable Organizer field and correct the input.

- The XML validation errors listed in the **View > Diagnostics** menu are not updated until the XML file is re-created.

- A single input problem can often generate multiple XML errors. Correcting the cause of one error can automatically correct other errors.

- There might be some XML validation errors where the **GoTo** capability does not function.

# CREATING THE E-FILE

1. Select **Organizer > Federal E-file > Create E-file**.
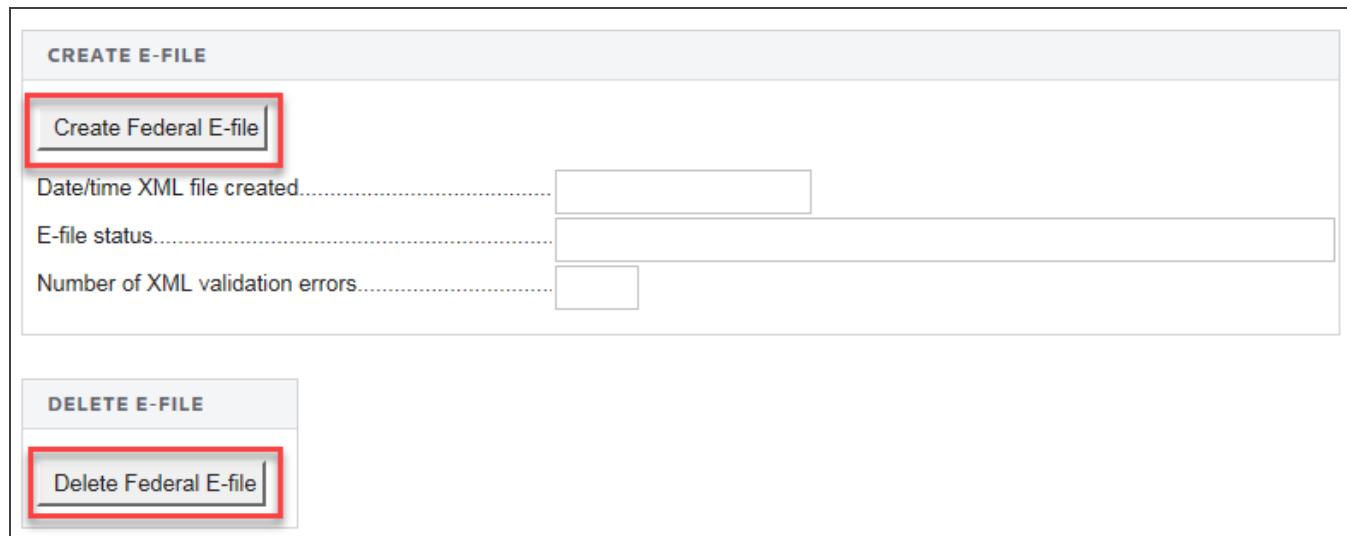


**CREATE E-FILE**

Create Federal E-file

Date/time XML file created.............................................

E-file status...................................................................

Number of XML validation errors................................

**DELETE E-FILE**

Delete Federal E-file

**Figure 8:12**

2. Select the **Create E-file** button.

3. An XML file is created. When completed, a date/time stamp is displayed and the e-file status is given. If the return contains a reject e-file diagnostic or XML validation errors, the e-file status section displays a message stating that the XML file was created, but is not qualified to be e-filed.

4. The reject diagnostics and XML validation errors must be cleared and the XML file is re-created.

5. Select the **Delete Federal E-file** button to delete an existing federal e-file.

## Possible E-file status Statements

The possible status statements that can be displayed in the **E-file Status** section are:

- **Created, but Not Qualified**: The e-file (or extension e-file) has been created for viewing, but cannot be transmitted until the reject diagnostics and XML validation errors are corrected.

- **Qualified**: E-file return (or extension) can be transmitted.

- **Sent**, **Started**, **Transmission**, or **Waiting**: Each of these statuses indicates that the e-file return is being processed. The e-file cannot be recreated while the return shows this status.

- **Rejected**: The return has been rejected by IRS (or state authority). The condition causing the reject should be corrected and the e-file recreated and retransmitted.

- **Accepted**: The IRS (or state authority) has accepted the return.

# REVIEWING THE STATUS OF THE XML FILE

The **Status** screen displays specific details for the XML file including status, date/time stamp, validation error, if any, file name and size, and inclusion of direct debit indicator.



**Figure 8:13**

**IRS Acknowledgment link**: If the e-file has been submitted, select the **IRS Acknowledgment** link to display details returned by the IRS in the acknowledgment.

# CHECKING THE E-FILE HISTORY

The **History** folder includes the **Create E-file Details** tab, which displays the history of the e-file created, and the **Delete E-file Details**, which displays similar detail information for any e-files that might have been deleted.
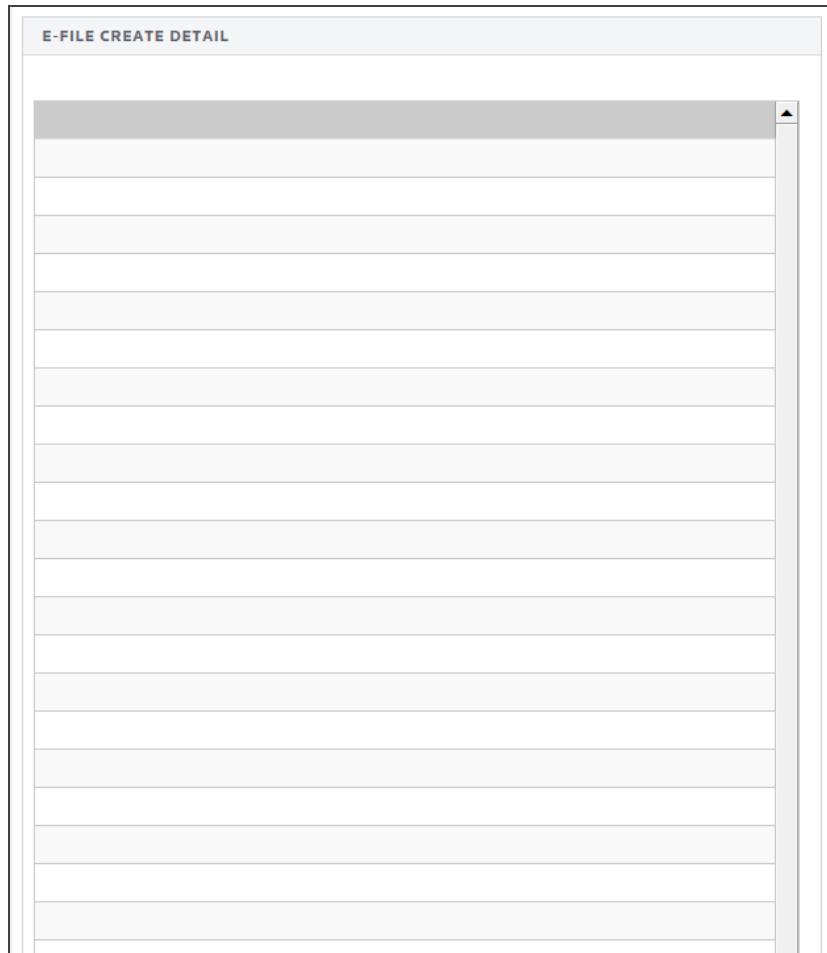


**Figure 8:14**

# TRANSMITTING THE E-FILE

The next step in the process is to submit the return to the IRS through the browser menu. To file the *Qualified* return or extension, exit the return, and do the following steps in RS Browser:

1.  Select **Returns Processing > E-file > Select Returns**.

**Figure 8:15**

2.  On the **Create Electronic Filing Batches** screen, select an **Account**, **Year**, Return **Type**, and **Sort** criteria.

3.  Select the appropriate **Display Type** from the drop-down list.

> The **Display** drop-down list should have the **Regular Display** selected unless you are creating a batch for New York consolidated returns.

4.  Select the appropriate **E-file Type** from the drop-down list, such as **All E-File Types**.

5.  If applicable, select the check box for **Federal Ready to send** and/or **States/Cities Ready to send**. The drop-down list can be used to select a specific jurisdiction.

6. Select **Continue** and the **Returns Found in Account** screen is displayed.

**1120 Returns Found in Account 8321: Federal**

When you select a return, we will send the federal return to IRS. No state returns will be sent even if they are qualified

10 records returned.

| All | Select | Return | Juris Abbr. | Juris Description | Taxpayer Name | Client Code | E-File Status | Direct Debit In Return |
|---|---|---|---|---|---|---|---|---|
| ☐ | ☐ | 9036IS | FED | Federal | BRMS Test 8 | BRMS Test Bank | Qualified-Lock Required | N |
| ☐ | ☐ | 9037IR | FED | Federal | BRMS Test 9 | BRMS Test Bank | Qualified-Lock Required | N |
| ☐ | ☐ | 8948IV | FED | Federal | Galaxy Conglomerated | | Qualified | Y |
| ☑ | ☑ | 8474IV | FED | Federal | Galaxy Industries, Inc. | | Qualified | Y |
| ☐ | ☐ | 9946IQ | FED | Federal | LEGACY SUPPLY CHAIN HOLDINGS INC | SBT | Qualified | N |
| ☐ | ☐ | 2981IU | FED | Federal | Mavericks Store | kdo | Qualified | N |
| ☐ | ☐ | 1187IU | FED | Federal | MOTOR CARRIER CORPORATION | tr | Qualified | N |
| ☐ | ☐ | 7850IV | FED | Federal | MSDA NUMBER ONE, INC. | | Qualified | N |
| ☐ | ☐ | 6342IV | FED | Federal | New York S-Corp all lines print test========q | | Qualified | N |
| ☐ | ☐ | 2386IU | FED | Federal | NJ CBT 100 Rule (150) Testing | VTRAN_NJ | Qualified | N |

[Submit For E-File] [Select All] [Deselect All] [Cancel] [Next 10]

**Figure 8:16**

7. Select the check box by the return(s) you want to submit.

8. Select the **Submit For E-file** button.

9. The **Efile File Status for Batch** is displayed showing the file status.

**EFILE ELF Status for Batch ID 74891:**

| Return | Taxpayer Name | Client Code | Alerts | Jurisdiction | Juris Description | Service Center | Filing Status | Date | TC WIP Status |
|---|---|---|---|---|---|---|---|---|---|
| 8474IV | Galaxy Industries, Inc. | | | FED | Federal | | Electronic filing process started | | WIP2 |

1 record returned.

[Refresh] [Cancel]

**Figure 8:17**

# CHECKING THE E-FILE STATUS

Once the return is e-filed, Thomson Reuters receives an acknowledgment from the IRS and other taxing authorities that the return was filed. There are two methods for viewing the status of your returns: **Batch Status** or **Status Report**.

# Batch Status

1. Select **Returns Processing > E-file > Batch Status**.

2. On the **Batch Status** screen, select the **User**. Enter the **Date Batch Submitted** dates, **Tax Year**, and select the **Return Type**.

3. Select the **Continue** button.



**Figure 8:18**

4. Select the **Batch ID** link.



**Figure 8:19**

5.  The **Efile File Status for Batch** is displayed.

**EFILE ELF Status for Batch ID 74891:**

| Return | Taxpayer Name | Client Code | Alerts | Jurisdiction | Juris Description | Service Center | Filing Status | Dat | TC | WIP Status |
|--------|---------------|-------------|--------|--------------|-------------------|----------------|---------------|-----|-----|------------|
| 8474IV | Galaxy Industries, Inc. | | | FED | Federal | | Electronic filing process started | | | WIP2 |

**1 record returned.**

| Refresh | Cancel |
|---------|--------|

**Figure 8:20**

# Status Report

1.  Select **Returns Processing > E-file > Status Report**.

2.  Enter the applicable search criteria, e-file type, status using the drop-down list selections, and dates.

**Figure 8:21**

3.  If you select the **Batch Status** button, a **Batch Status** screen is displayed. Enter the appropriate dates, and select **Continue**.

4.  The **Electronic Filing Batches** screen and the **Efile File Status for Batch** screens are displayed.

5.  Select the **Export Report to Excel** check box if you want to export the report file as a spreadsheet. You can also export the report to PDF format.

6.  Select the **Continue** button to display the status report.



**Figure 8:22**

# CHAPTER 9: VALIDATIONS

The IRS has defined a rigid structure that must be used to create e-file tax returns. This structure is necessary and critical to ensure e-file returns can be transmitted to and viewed by IRS systems. E-file returns not meeting these requirements will be rejected by the IRS.

To ensure returns meet its strict formatting requirements, the IRS performs two levels of validations on all received returns: business rule validation and schema validation.

## BUSINESS RULE VALIDATION

The MeF system verifies the return data against a series of business rules. Most business rules test for such things as missing information, mismatched information, or incorrect data. Two examples are:

- If Form 1120, line 8 has a non-zero value, then Schedule D (Form 1120) must be attached.

- If Form 1120, Schedule L is present, Form 1120, Item D Total Assets must equal Form 1120, Schedule L, line 15d.

A business rule that fails will result in a reject diagnostic and will prevent the return from being e-filed.

Business rule validations consist of two types of reject diagnostics. One type of reject diagnostic compares information within the return to the business rules. These diagnostics can be cleared by correcting the tax return information and computing the return.

The second type of diagnostic is generated by the Business Rules Management System (BRMS). The BRMS compares the e-file XML file to the business rules. These diagnostics are cleared by correcting the tax return information and re-creating the e-file or re-generating the validation file. Diagnostics generated through BRMS are identified by an asterisk appearing in front of the diagnostic

Business rules also include database validation checks to ensure information contained in the e-file agrees with information contained in the IRS databases. For example, if the taxpayer's EIN and Name Control (first four characters of the taxpayer name) do not match data in the IRS e-file database, the return will be rejected. This type of business rule violation cannot be detected until the return is submitted to the IRS.

## SCHEMA VALIDATION

Schemas provide the basic definition for elements – what is required, field length, data type, allowable values, etc. Data integrity depends on each data element complying with the data format specifications. The MeF system verifies this by validating each return against the schemas. If a data format error is encountered, the return is rejected.

When the e-file is created, we automatically validate the XML file against the IRS schemas. If there are XML validation errors, the number of errors is reported on the **Create E-file** screen, and each error is displayed in the **View > Diagnostics** menu. An e-file cannot be submitted if validation errors exist.

# CORRECTING VALIDATION ERRORS WITH GOTO FUNCTIONALITY

Creating the e-file also identifies and reports any validation errors that exist, but the validation error message can be difficult to understand, and finding where to correct the error might not be clear. To aid in correcting validation errors, a Validation File can be created that includes **GoTo** functionality.

Follow the steps below to create a Validation File with the **GoTo** functionality:

1.  In the Organizer, select **Federal E-file > Error Checking**, and then select the **Generate Validation File** button.
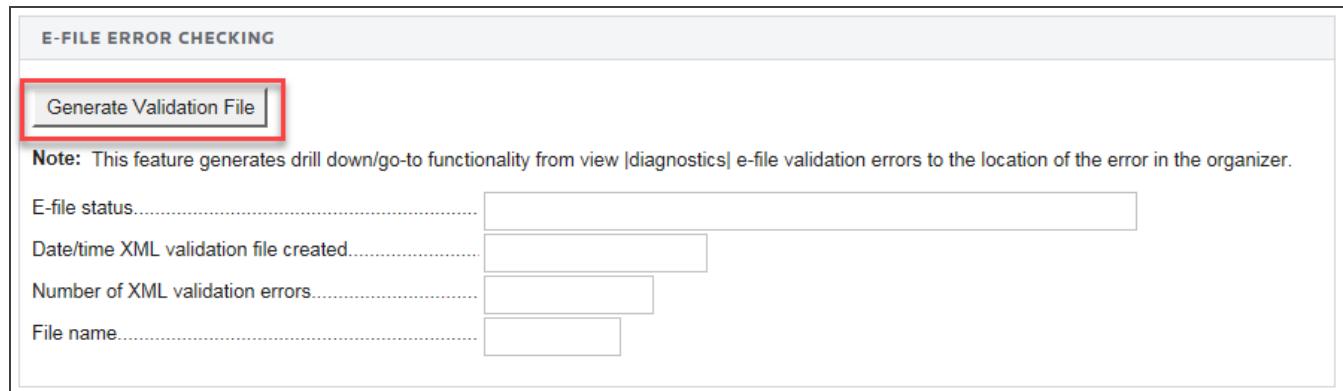


**E-FILE ERROR CHECKING**

Generate Validation File

**Note:** This feature generates drill down/go-to functionality from view |diagnostics| e-file validation errors to the location of the error in the organizer.

E-file status.............................................................

Date/time XML validation file created.........................

Number of XML validation errors..............................

File name...............................................................

**Figure 9:1**

2.  Creating the XML file with the **GoTo** functionality for states is performed separately in the **State E-file > Validation** spreadsheet.

3.  After the validation file is created, access **View > Diagnostics > E-file Validation Errors**.

4.  Selecting a validation error should take you to the source of the error. The source of the error can be an Organizer or a Tax Form field. If the error is contained in a Tax Form field, you should hyperlink to the applicable Organizer field to update.

5.  Repeat this process until all validation errors are eliminated.

6.  After all validation errors are eliminated, use **Create E-file** to create the final XML file that can be transmitted.

7.  **GoTo** functionality is not available for XML files created using the **Create E-file** button. However, if an XML file is created using the **Create E-file** steps shown above then the **GoTo** functionality should be reestablished.

> The **GoTo** capability does not function for some XML validation errors.

# CHAPTER 10: REVIEWING THE E-FILE RETURN

Business returns and extensions are transmitted to the IRS as XML files. The XML file can be downloaded from the RS Browser for your review and record keeping, and can also be reviewed with the **E-file Viewer**.

## DOWNLOADING THE XML FILE FOR REVIEW

1. From the RS Browser, select **Returns Processing > E-file > Download > Select Returns**.
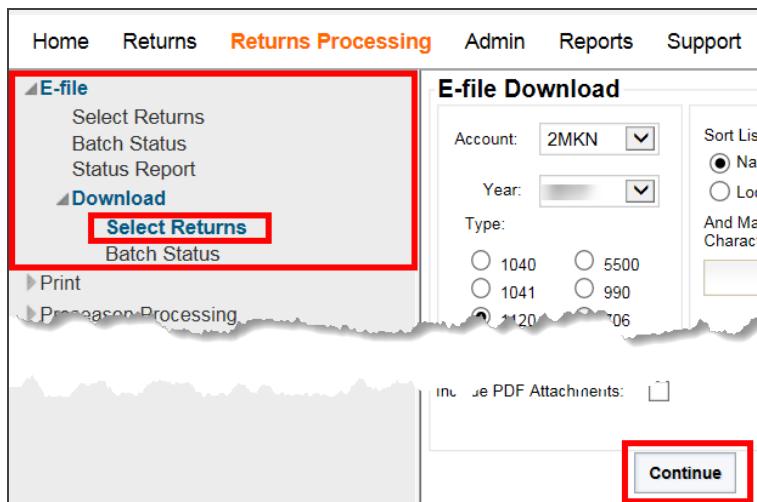
2. Use the drop-down lists to select an **Account** and the **Year** for the e-files you want to download. Select one of the options for the return **Type**. To further refine your search, employ the **Sort List by** and **Assigned To** options. After selecting the **Jurisdiction** from the drop-down list, select **Continue**.

3.  For the account and criteria selected, a list of available returns is shown, Select the check box to select e-files to download, and then select **Continue**.



**Figure 10:2**

> Even though more than one file can be listed, only one return can be selected.

4.  A **Federal e-File Download** page is displayed for you to confirm your selection. Select **Close**.
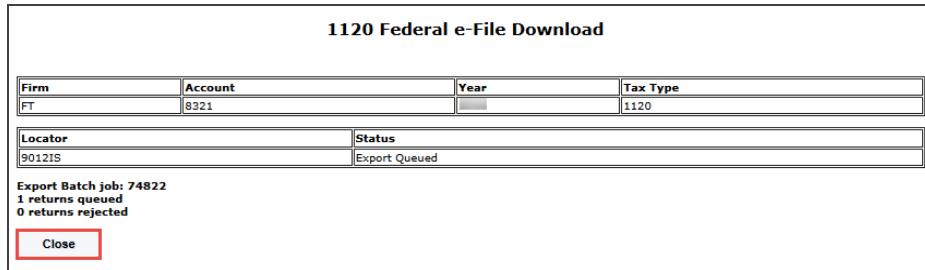


**Figure 10:3**

5. Select **Batch Status** on the left menu. Use the drop-down list to select a **Year** and **Return Type** on the **Batch Status** screen. If desired, enter the **Date Batch Submitted** dates (From (MM/DD/YYYY) and To (MM/DD/YYYY). Select **Continue**.



**Figure 10:4**

6. Select the **Batch ID hyperlink** for the return you want to download.



**Figure 10:5**

7. The **e-File Download Batch Details** dialog box is displayed. Select **Download All**. However, if the return has a password, select the return hyperlink after entering the password in the field.



**Figure 10:6**

8. A pop-up dialog box is displayed at the bottom of the screen. Select **Open** to save the XML as before, or select **Save**, **Save As**, or **Save and Open** from the drop-down list options to save the ZIP file.



**Figure 10:7**

9. Download the file to the location selected on the **Browse for Folder** dialog box. Select **OK**.

10. The **e-File Download Batch Details** dialog box displays a dialog box that indicates *Download complete*, and displays *File Export Complete* in the **Export Status** column.



**Figure 10:8**

11. At the bottom of the screen on the popup dialog box, select **Open**. View the ZIP file by selecting the XML file inside the ZIP application, or saving the file and using a text editor.

# REVIEWING WITH INTERNET EXPLORER OR A TEXT EDITOR

You can view the XML file using the Internet Explorer browser or a text editor, such as Notepad.

1. When viewing the XML file, the return/extension data can be identified by the surrounding schema element names (enclosed in angle brackets, such as **<TOTALDEDUCTIONS>**) and the number (**267199**) highlighted below.



**Figure 10:9**

2.  By reviewing the actual XML file in an editor, you can confirm the accuracy of the return or extension e-file that is sent to the IRS.



**Figure 10:10**

# REVIEWING WITH THE E-FILE VIEWER

The E-file Viewer presents the contents of your XML files in Acrobat (PDF) format and organized according to the IRS and state provided schemas. The XML file contents are displayed with identifying information pulled directly from the schemas.

- The descriptions in the PDF file rely on working links to provide supporting schema details. Blue underlined hyperlinks make navigation to supporting documents, such as other forms or schedules, trouble-free.

- Each page of the PDF file includes the taxpayer name, federal ID number (FEIN), page number, and the date the XML file was created.

- PDF **bookmarks** provide a way to quickly jump to specific forms or supporting details. Where multiple forms or schedules are included, the number of forms and schedules are indicated parenthetically, and the bookmark can be expanded to list each form and schedule.

- Shortcut keys are available as an aid to navigation. For example, type **Alt + Left Arrow** to return to the previous view.

- The PDF file is searchable using the **Find** feature. For example, an element name that is found in a validation error can be entered in the field and searched for quickly. Knowing the context of the data can help resolve validation issues.

- The E-file Viewer can be accessed faster, especially when loading large XML files. You no longer need to exit the return to view either the XML or PDF file.

- The PDF file can be saved by the E-file Viewer on your local machine.

## Accessing the E-file Viewer

A PDF file was automatically created when you selected the **Create** button to create a federal or state e-file.

1. To view the PDF file, you do not need to exit the return. Access the RS Browser **Returns** screen and enter your search criteria, including the **Account**, **Return number**, **Tax Type**, **Taxpayer Name**, and **Year**.

2.  If uncertain about the account number, select **All Accounts**, enter either a **Return Number** or a **Taxpayer Name**, and then select **Search**. If a return is found, select the **Taxpayer Name**.
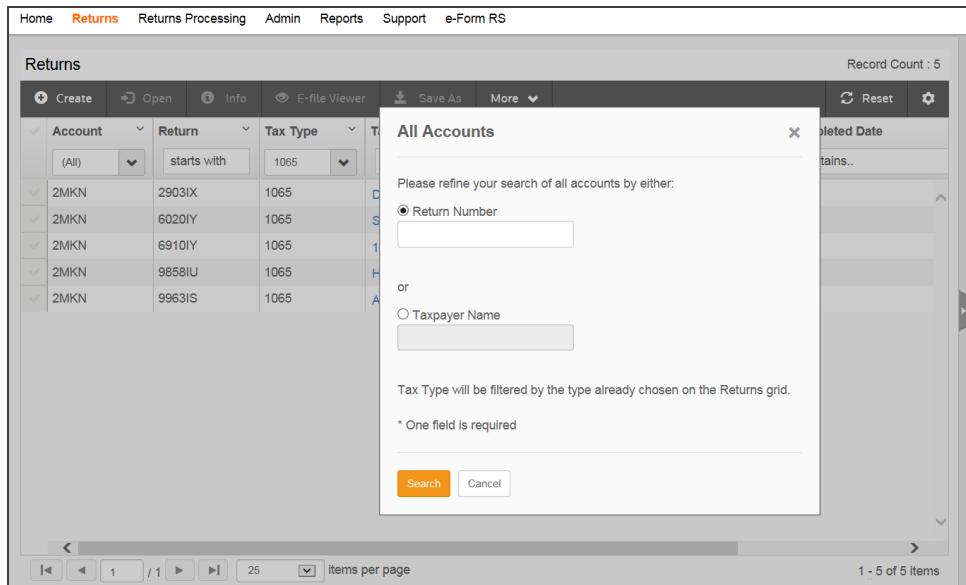


**Figure 10:11**

3.  Select the check box to select a return, and the **E-file Viewer** button is displayed in the menu bar. Select the **E-file Viewer** button.
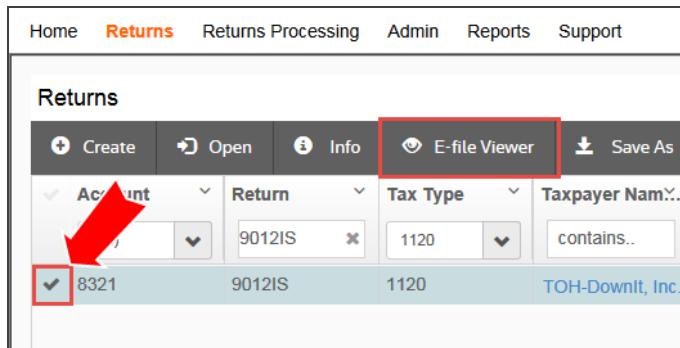


**Figure 10:12**

4.  The **E-file Viewer** opens with two main panes. The right pane contains additional information on using the E-file Viewer, and disappears when the PDF or XML file is displayed.
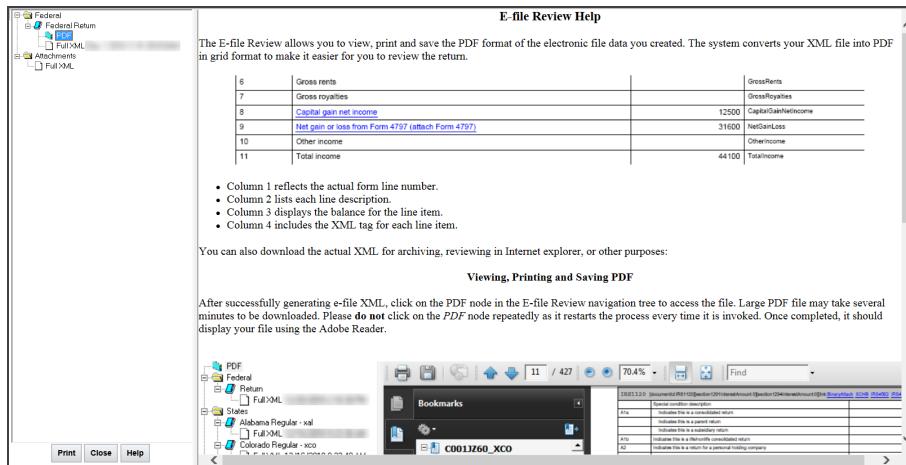


**Figure 10:13**

5.  The left pane contains the navigation tree for viewing the XML or PDF file. The XML file is displayed in the right pane.



**Figure 10:14**

6.  Select the PDF folder to access the PDF file. A pop-up is displayed at the bottom of the screen. Select **Open**. The PDF is displayed as a grid with columns for line number (if applicable) in a separate window. A description of the schema element, data from the XML file, and schema element name. The Acrobat toolbar is displayed at the top of the pane.



**Figure 10:15**

7.  The toolbar allows you to send the PDF file in an e-mail (letter icon), accessing a page directly by typing a number in the page field on the left (or using the up and down arrows), or **Find** content by selecting the bookmarks icon.



**Figure 10:16**

> The XML header information, such as taxpayer and paid preparer information, is not displayed in the PDF. However, this information can be verified by reviewing the full XML file. Select the file under the **PDF** folder. For advanced use of the Adobe® Acrobat Reader® DC, see **https://helpx.adobe.com/reader.html**.

# Using the E-file Viewer

The PDF grid is displayed in a separate window when using the E-file Viewer.

| | | | |
|---|---|---|---|
| Galaxy Electronics Inc | | | 751234567 |

**IRS1120** [documentId:IRS1120][section1291InterestAmount:0][section1294InterestAmount:0]

| | | | |
|---|---|---|---|
| | Special condition description | | SpecialConditionDescription |
| A1a | Indicates this is a consolidated return | | IsConsolidatedReturn |
| | Indicates this is a parent return | | IsParentReturn |
| | Indicates this is a subsidiary return | | IsSubsidiaryReturn |
| A1b | Indicates this is a life/nonlife consolidated return | | LifeNonlifeConsolidatedReturn |
| A2 | Indicates this is a return for a personal holding company | | PersonalHoldingCompany |
| A3 | Indicates this is a return for a personal service corporation | | PersonalServiceCorporation |
| A4 | Indicates Schedule M-3 is attached | | ScheduleM3Attached |
| C | Date incorporated | | DateIncorporated |
| D | Total assets | | TotalAssets |
| E(1) | Indicates this is an initial return | | InitialReturn |
| E(2) | Indicates this is a final return | | FinalReturn |
| E(3) | Indicates this is return has a name change return | | NameChange |
| E(4) | Indicates this return has an address change | | AddressChange |
| E(5) | Indicates this return is an amended return | | AmendedReturn |
| E(6) | Indicates this return is a superseded return | | SupersededReturn |
| 1a | Merchant card and third party payments | | MerchantCardThirdPartyPayments |
| 1b | Gross receipts or sales not reported on line 1a | | GrossReceiptsSalesNotReported |
| 1c | Total. Add lines 1a and 1b. | | TotalLine1aAnd1b |
| 1d | Less returns and allowances | | ReturnsAndAllowances |

**Figure 10:17**

## PDF Grid View

As shown in the example below, each page of the PDF file includes:

**Figure 10:18**

- An **EIN** or **SSN**

- A **timestamp** when the PDF was created

- A **page number**

All schema elements are displayed whether or not they are populated.



**Figure 10:19**

A bar is displayed at the beginning of each form schema. This bar includes the schema name, the document ID associated with the schema, any informational text that might be applicable and links (blue underlined text) to any supplemental schemas called by the form but not called by a specific line number.

| IRS1120ScheduleD [documentId:IRS1120SchD][link:IRS8949] | | | | |
|---|---|---|---|---|
| TotalSTCGL1099BBssRptNoAdjGrp | | | | |
| 1a(d)and 8a(d) | Total proceeds (sales price) from Form 1099-B | | | TotalProceedsSalesPriceAmt |
| 1a(e)and 8a(e) | Cost (or other basis) | | | TotalCostOrOtherBasisAmt |
| 1a(h) and 8a(h) | Total gain or loss amt | | | TotalGainOrLossAmt |
| Short-term totals from Form 8949 with box A checked in Part I | | | | |
| "1b(d), 2(d), 3(d), 8b(d), 9(d) and 10(d)" | Total proceeds (sales price) from Form 8949 | | | TotalProceedsSalesPriceAmt |
| "1b(e), 2(e), 3(e), 8b(e) | Total cost or other basis | | | TotalCostOrOtherBasisAmt |

**Figure 10:20**

When the schemas have multiple choice elements, where only one element can be chosen, the descriptions of each choice element are indented. For example, for Method of Accounting, cash, accrual, and other might apply, but only one can be selected.

| IRS1120ScheduleM3 [documentId:SCHM3] | | | |
|---|---|---|---|
| Business name | | | |
| | Business name line 1 | Galaxy Electronics Inc | BusinessNameLine1Txt |
| | Business name line 2 | | BusinessNameLine2Txt |
| | EIN | 751234567 | EIN |
| | Missing EIN reason | | MissingEINReasonCd |
| | Indicates this is a non-consolidated return | X | NonConsolidatedReturnInd |
| | Indicates this is a consolidated return | | ConsolidatedReturnInd |
| | Indicates this is a mixed 1120/L/PC group | | Mixed1120LPCGroupInd |
| | Indicates dormant subsidiaries schedule attached | | DormantSubsidiariesSchAttInd |
| 1a | Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year? | false | CorporationFiledSECForm10KInd |

**Figure 10:21**

Items are displayed in consecutive order with a header indicating the beginning of each occurrence. This example displays two separate items that are included in Other Current Assets.

| ItemizedOtherCurrentAssetsSch [documentId:ItemCAsset1120] | | |
|---|---|---|
| ItemizedOtherCurrentAsset | | |
| Corporation Name | | |
| Business name line 1 | Galaxy Electronics Inc | BusinessNameLine1 |
| Business name line 2 | | BusinessNameLine2 |
| Corporation EIN | 751234567 | CorporationEIN |
| Missing EIN reason | | MissingEINReason |
| Other Current Asset line item | | |
| Other Current Asset Description | Prepaid Deposits | Description |
| Beginning Amount | 6000 | BeginningAmount |
| Ending Amount | 75400 | EndingAmount |
| Other Current Asset line item | | |
| Other Current Asset Description | Customer IOUs | Description |
| Beginning Amount | 1200 | BeginningAmount |
| Ending Amount | 45000 | EndingAmount |

**Figure 10:22**

Hyperlinks (blue underlined text) are available to jump to supporting details. For example, if a detail exists for Other Income on line 10, the description will have a hyperlink (see red arrow below).

| 4 | Dividends | | Dividends |
|---|---|---|---|
| 5 | Interest income | | InterestIncome |
| 6 | Gross rents | | GrossRents |
| 7 | Gross royalties | | GrossRoyalties |
| 8 | Capital gain net income | | CapitalGainNetIncome |
| 9 | Net gain or loss from Form 4797 (attach Form 4797) | | NetGainLoss |
| 10 | Other income [link:ItemOthInc1120] | 773098 | OtherIncome |
| 11 | Total income | 90773098 | TotalIncome |

**Figure 10:23**

Select the link to view the supporting detail. This example displays the first item included in Other Income.

| ItemizedOtherIncomeSchedule [documentId:ItemOthInc1120] | | |
|---|---|---|
| ItemizedIncome | | |
| Corporation Name | | |
| Business name line 1 | Galaxy Electronics Inc | BusinessNameLine1 |
| Business name line 2 | | BusinessNameLine2 |
| Corporation EIN | 751234567 | CorporationEIN |
| Missing EIN reason | | MissingEINReason |
| Income type | Consulting Fees | IncomeType |
| Amount | 154650 | Amount |

**Figure 10:24**

# Bookmark View

The **Bookmark** view lists the form and schedule schemas included in the PDF file. Select the second icon (red arrow) to open this view.
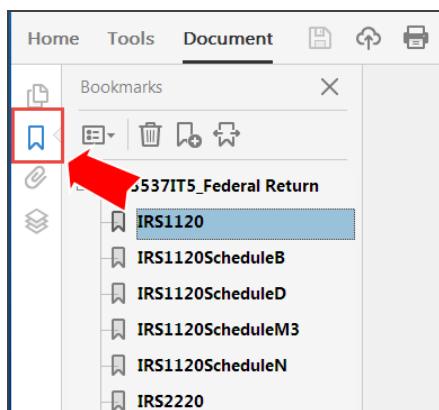
Select each form or schedule schema to take you to that specific section in the PDF file.
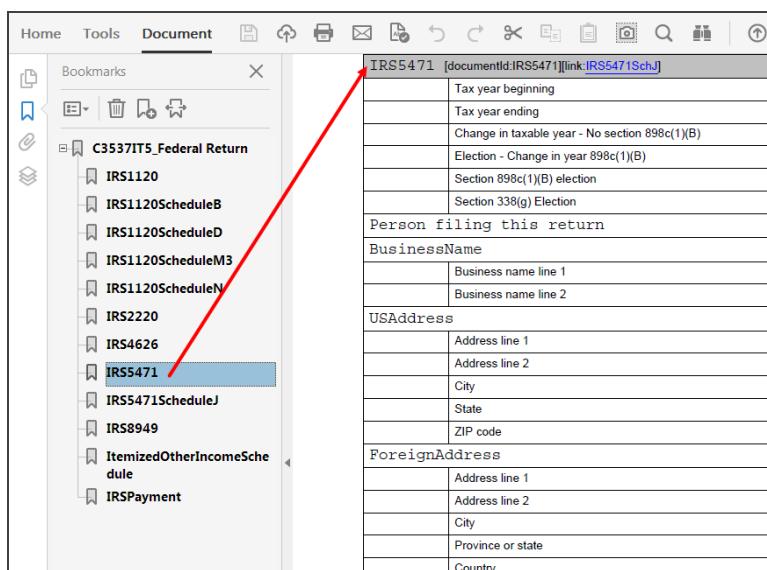


Figure 10:26

As shown below, a form, such as Form 5471, can have multiple instances. The total number of forms is shown inside a parenthesis (5). Also, a plus sign is displayed next to the file name when more than one instance of the form exists in the PDF file. Select the plus sign to expand the list and see that each file has a unique identify number (such as *IRS5471N1*, *IRS547N2*, *IRS547N3*, and so forth). The first instance of the form is the item shown with the parenthesis, while the second instance has **N1** at the end of the description. Select the bookmark to go to the instance of that form.
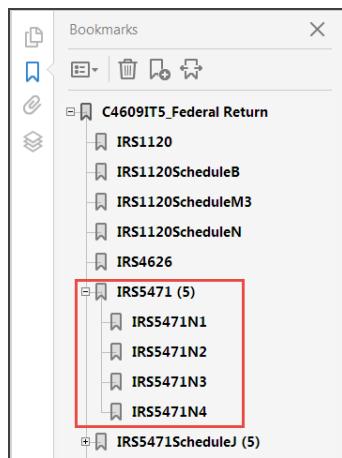


**Figure 10:27**

# CHAPTER 11: TRANSMISSIONS AND ACKNOWLEDGMENTS

## TRANSMISSIONS

An electronic postmark is created bearing the date and time (Central time zone) that the e-file is received at the host computers. If timeliness of filing is in question, the IRS uses the electronic postmark that is adjusted to the time of the taxpayer. For example, if the taxpayer is located in the Eastern time zone, one hour would be added to the electronic postmark to determine the filing time. Conversely, if the taxpayer is located in the Pacific time zone, two hours would be subtracted from the electronic postmark.

If the electronic postmark is on or before the prescribed deadline for filing, but the return or extension is received by the IRS after the prescribed deadline for filing, it is treated as filed on the electronic postmark's date if received within two days of the electronic postmark. If the electronic postmark is after the prescribed deadline for filing, the IRS receipt date is the actual filing date.

# ACKNOWLEDGMENTS

The IRS electronically acknowledges the receipt of all returns and extensions as either *Accepted* or *Rejected* for specific reasons. Returns and extensions which pass all IRS validations are considered filed as soon as they are *accepted*. Returns and extension that do not pass validation are *rejected*, and are considered *not accepted*.

## Example of Acknowledgment Information

ELECTRONIC RETURN ACKNOWLEDGEMENT

☐ Suppress print of acknowledgement

Return identification number.......................................
Return type.......................................................
Filing type description........................................... **Federal Return**
Tax period begin date............................................. MM/DD/YYYY
Tax period end date............................................... MM/DD/YYYY
Contain alerts.....................................................
IRS receive date.................................................. MM/DD/YYYY
Validation completed..............................................
Electronic postmark...............................................
Return status.....................................................
IRS process date.................................................. MM/DD/YYYY
Taxable income....................................................
Total tax.........................................................
Payment indicator.................................................
Embedded CRC32....................................................
Computed CRC32....................................................

**Figure 11:1**

To generate an **Electronic Return Acknowledgment**:

1.  Go to **Federal E-file > Status**.

2.  Scroll down the screen to view the **Electronic Return Acknowledgment** section.

3.  Select the **IRS Acknowledgment** link to view the taxable income acknowledgment shown below.



**Figure 11:2**

# TRANSMISSION PERFECTION PERIOD FOR REJECTED RETURNS

When a transmitted e-file return is rejected, there is a *10-day* Transmission Perfection Period to prepare that return for e-file retransmission. For Form 7004 extensions, the perfection period is only *five (5) days*. Perfection of the return for e-file retransmission generally means that the originally signed return might have errors in the format of the XML or errors that cause the return to fail the IRS e-file business rules. When a previously rejected electronic return is *Accepted* by the IRS within the 10-day Transmission Perfection Period, it is deemed to have been received on the date of the first reject that occurred within that 10-day period.

In other words, the 10 days is actually a look back period, and is determined once the return is accepted. The IRS looks back 10 days from the date the return is *Accepted* to determine if there have been any rejects for the same EIN and Year. If there have been one or more rejects within that 10 day look back period, the IRS uses the received date on the earliest reject as the received date for the *Accepted* return. Refer to IRS Publication 4163 - *Modernized e-File (MeF) Information for Authorized IRS e-File Providers for Business Returns* for more information regarding rejected returns and extensions.

The Transmission Perfection Period is *NOT an extension of time to file*; it is a period of time that is granted to correct errors in the E-file. The Transmission Perfection Period applies to business returns filed on MeF, without regard to the date filed, due date, or extended due date. *The yearly cut-over period does not extend the 10-day Transmission Perfection Period.* Moreover, the perfection period is never extended for weekends, holidays, or the end of the year cutoff.

# Rejected E-filed Returns

Taxpayers who cannot get their return accepted or who decide to file a paper return instead, must also ensure that their paper return is filed timely. To be considered timely filed, this paper return must be postmarked by the later of the due date of the return (including extensions), or ten (10) calendar days after the date the IRS last gives notification that the return was rejected.

Follow the steps below to ensure that the paper return is identified as a rejected electronic return, and the taxpayer is given credit for the date of the first reject within the 10 day transmission perfection period:

1. The taxpayer must call the IRS (at **1-866-255-0654**) to advise that they have not been able to have their return accepted. The e-Help Desk then provides an e-case number to the taxpayer.

2. The taxpayer should prepare the paper return and include the following:

   - An explanation of why the paper return is being filed after the due date.

   - A copy of the reject notification.

   - A brief history of actions taken to correct the electronic return.

3. Write in **red** at the top of the first page of the paper return **REJECTED ELECTRONIC RETURN – (DATE)**. The date indicated should be the date of the first reject within the 10-day transmission perfection time frame.

4. The taxpayer must sign the paper return. The PIN that was used on the rejected e-file return *cannot be used as the signature on the paper return*.

   > Corporations, partnerships, and tax-exempt organizations required to e-file must contact the e-Help Desk (1-866-255-0654) for assistance in correcting rejects *before filing a paper return*. They must *receive authorization* from the e-Help Desk before filing a paper return.

# Rejected E-filed Extensions

If the IRS rejects the application for filing extension request, and the reason for the rejection cannot be corrected and retransmitted, the provider must take reasonable steps to inform the taxpayer of the rejection within 24-hours of receiving the acknowledgment. The provider must also provide the taxpayer with a Business Rule explanation.

- If the electronic application for filing extension can be retransmitted, it must be filed by the later of the due date of the return or five calendar days after the date the Service gives notification the application for extension is rejected.

- If the electronic application for filing extension cannot be accepted for processing electronically, the taxpayer must file a *paper* application for filing extension. In order for the *paper* application for filing extension to be considered timely, it must be filed by the later of the due date of the filing extension or five calendar days after the date the IRS gives notification that the filing extension is rejected. The *paper* application for filing extension should include an explanation of why it is being filed after the due date and include a copy of the electronic rejection notification.

# CHAPTER 12: STATE RETURNS

States offering e-file follow one of two methods:

- Direct filing with the state, or

- Filing through the IRS as part of the IRS MeF Fed/State Program.

Please see the **1065 State E-file Guide** for the latest state information.

# CHAPTER 13: APPENDICES

## APPENDIX A: ACCEPTED FORMS AND SCHEDULES

Thomson Reuters accepts for e-file the following approved forms and schedules for Form 1065. The table lists the form names and the maximum number of forms that can be submitted with each return.

The forms and schedules listed at the following URL are the only forms and schedules acceptable for e-file. The E-file Notes lists the number of forms allowable by the IRS.

**https://www.riahelp.com/html/2023/reports/ef_forms/1065/1065_Federal_E-file_Forms.pdf**

This document is kept current.

### Exclusions from E-file

- Returns granted approved waivers from e-file.

## APPENDIX B: E-FILE TERMINOLOGY

**Acknowledgment** An electronic confirmation from the IRS that a return is either accepted or rejected

**Aggregation** The process of combining multiple XML files into a single XML file that is transmitted to the IRS.

**Alert** Identifies issues with an e-filed return that the IRS feels should be brought to the attention of the taxpayer or e-file transmitter. Thomson Reuters also generates Alerts as e-file diagnostics.

**Amended Return** A subsequent return filed after the expiration of the filing period (including extensions.)

**Authorized E-file Provider** A business authorized by the IRS to participate in the IRS E-file program. An E-file Provider can be a sole proprietorship, partnership, corporation or other entity. The business submits an application (Form 8633), is accepted to participate, is assigned an EFIN, and receives credentials. The business can choose more than one provider option.

**Binary Attachment** The binary attachment is a scanned document in PDF format that can be attached to the electronic tax return file and e-filed as part of the tax return. The binary attachment is part of the Business Rules Return conditions for the return to be accepted by the IRS.

**Business Rules** Specific conditions in the return that must be met. These rules generally insure that required information and forms are not missing.

**EFIN** The Electronic Filing Identification Number is a six-digit number issued to the Electronic Return Originator by the IRS to identify the entity as one that has been approved as an Authorized IRS E-file Provider.

**ELF** Electronic Filing (rights) - Individuals within the firm must have electronic filing rights in order to E-file the return. These rights must be set up for the designated individuals by the company/firm administrator.

**ERO** The Electronic Return Originator originates the electronic submission of tax returns to the IRS.

**ETIN** The Electronic Transmitter Identification Number is a number issued to the software vendor or software provider by the IRS to indicate that the software has been approved by the IRS for electronic filing.

**General Dependency Schema** Used for including the XML file information that has not been defined by other IRS schemas.

**Large Taxpayer** A large taxpayer, as defined by the IRS for e-file purposes, is not an Authorized IRS E-file Provider. A Large Taxpayer is a business that prepares and transmits the electronic submission of its own business returns directly to the IRS and either has assets of $10 million or more, or is a partnership with more than 100 partners.

**Mandated Taxpayer** Partnerships with more than 100 partners, and corporations with assets of $10 million or more and who file at least 250 returns (including income tax, information returns, excise tax, and employment tax returns), with the IRS during the year. These taxpayers are required by the IRS to e-file their returns.

**MeF** Modernized e-File - An XML based system used to e-file partnership and corporate income tax returns.

**Name Control** Derived from the first four characters of the taxpayer name. Used in conjunction with the taxpayer EIN to identify the taxpayer in the IRS databases.

**Practitioner PIN** An 11-digit number used for signing a return. The first six positions consist of the ERO's EFIN, with the last five positions selected by the ERO.

**Reject** A condition existing in the return that prevents the IRS from accepting the e-file. The condition can result from not following business rules or validation errors in the XML file.

**Schemas** An XML document that specifies the data elements, structures and rules for each form, schedule, document, and attachment in a return.

**Superseding Return** A subsequent return filed within the filing period (including extensions).

**Transmitter** Sends the electronic return data directly to the IRS. A transmitter must have software and computers that allow it to interface with the IRS.

**Validation** The process of verifying that each data element in the XML file complies with the IRS schema data format specifications.

**XML** Extensible Markup Language is the programming language used for MeF.

# APPENDIX C: FAQS

## Preparer Tips

### What are recommended procedures for enabling and preparing the e-file?

Recommended procedures for creating your e-file:

**Enabling E-file**: if a return is being e-filed, enable the e-file very early.

**Naming Conventions**:

1. If you have PDF attachments, name the PDF file name per IRS naming convention and without special characters, multiple spaces, and symbols.

2. If you are uploading a Third Party XML, name the XML file name without special characters, spaces, and symbols.

**Creating the Federal Validation File**:

1. While you are working on the paper return, create the Federal Validation File at any return level.

2. Fix any e-file Diagnostics and XML Validation Errors while the paper return is being worked to save time when creating the final XML file.

3. Specific forms have screen instructions that are related to e-file and alerts. Follow instructions.

4. Review the e-file through the E-file Viewer.

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/FAQ_1065_EF.HTM/TY2023

LAST MODIFIED: 05/14/2024

LAST SYSTEM BUILD: 10/16/2024

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