

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>100057</b>	Electronic Filing Requirement For Tax Return Preparers - Common Questions

State of Wisconsin  
Department of Revenue

## Electronic Filing Requirement For Tax Return Preparers

**This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.**

1. How do I know if the Wisconsin Department of Revenue will require me to file my clients' income tax returns electronically?
2. To whom does the requirement to electronically file apply?
3. My business has ten employees who prepare individual income tax returns. How will the department determine whether my business has to file returns electronically?
4. My business has two locations. Does the 50-return threshold apply to each location separately?
5. My tax return preparation business is located outside Wisconsin. Does the electronic filing requirement apply to me?
6. What do I have to do to file returns electronically?
7. How long does it take to get approval from the IRS? How long does it take to get approval from the State of Wisconsin?
8. What happens if I am not approved to file returns electronically by the IRS or Wisconsin?
9. Where can I find a list of approved software developers?
10. How do I transmit my clients' returns electronically?
11. How do I know my clients' returns were received electronically by the IRS and the Wisconsin Department of Revenue?
12. The software I use does not allow certain federal or state forms to be filed electronically. What should I do if I have a client who is required to file one of these forms along with the tax return?
13. What should I do if a client's tax return is rejected?
14. What should I do if my client does not want to file electronically?
15. I do not have a computer with a modem. How do I request a waiver?
16. I cannot afford to buy electronic filing software. What should I do?
17. I no longer file 50 or more tax returns. Am I still required to file electronically?
18. Is electronic filing of tax returns secure?
19. What are the consequences if I don't file my clients' tax returns electronically?
20. Since Administrative Code section Tax 2.08 applies to returns of persons other than corporations, am I required to file fiduciary and partnership returns electronically?
21. As a preparer, how do I benefit from filing tax returns electronically?
22. What are the costs of filing returns electronically?
23. What is Wisconsin e-file?
24. During the tax season, I volunteer to prepare returns at no charge for low-income individuals. Am I required to file these returns electronically?

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1. **How do I know if the Wisconsin Department of Revenue will require me to file my clients' income tax returns electronically?**

If you prepared 50 or more 2018 Wisconsin individual income tax returns in 2019, you are required to file 2019 Wisconsin individual income tax returns electronically as of January 1, 2020. Wisconsin Administrative Code [section Tax 2.08](#), gives the department authorization to require electronic filing of individual income tax returns.

**2. To whom does the requirement to electronically file apply?**

The administrative rule requiring the electronic filing of individual income tax returns applies to any person or entity engaged in the business of individual income tax return preparation, regardless of its legal form. Thus it applies to sole proprietors, partnerships, limited liability companies, and corporations that prepare 50 or more Wisconsin individual income tax returns.

**3. My business has ten employees who prepare individual income tax returns. How will the department determine whether my business has to file returns electronically?**

The 50-return threshold is based on the total number of returns prepared by all of your employees. If your business prepared at least 50 individual income tax returns, even the returns prepared by employees who did fewer than 50 returns must be filed electronically.

**4. My business has two locations. Does the 50-return threshold apply to each location separately?**

No. The 50-return threshold is based on the total number of returns prepared at all of your business locations.

**5. My tax return preparation business is located outside Wisconsin. Does the electronic filing requirement apply to me?**

The location of the business is not relevant in determining whether an individual income tax return preparer is required to file electronically. If you prepared 50 or more Wisconsin individual income tax returns in 2019, you must electronically file the Wisconsin returns you prepare in 2020.

**6. What do I have to do to file returns electronically?**

In order to file returns electronically, you must first become an Electronic Return Originator (ERO). The Internal Revenue Service (IRS) must approve all EROs. See the [Wisconsin Electronic Filing Program Information](#) for Tax Professionals.

**7. How long does it take to get approval from the IRS and do I need approval from the State of Wisconsin?**

The approval process with the IRS takes about 45 days. For more information about the federal application process, visit the IRS website for [Tax Professionals](#). Once you have been approved with the IRS and have an Electronic Filing Identification Number (EFIN), you may file electronically with Wisconsin. See the [Wisconsin Electronic Filing Program Information](#) for Tax Professionals on how to become a Wisconsin ERO.

**8. What happens if I am not approved to file returns electronically by the IRS?**

You should take the steps necessary to meet the suitability tests to become an ERO, such as filing any tax returns that are due or paying any delinquent taxes. If you are unable to comply with the ERO requirements, you should continue to file paper income tax returns.

**9. Where can I find a list of approved software developers?**

For information about choosing electronic filing software, you can visit the IRS website for [Tax Professionals](#). Also see the list of [software vendor links](#). The Wisconsin Department of Revenue does not endorse any software; however software does have to pass suitability testing with the department.

**10. How do I transmit my clients' returns electronically?**

The federal and Wisconsin income tax returns are sent as one electronic transmission to the IRS in one of two ways:

- Direct transmission. EROs choosing this method will have to test the compatibility of their modems with the IRS.
- Transmission to a third party software company. EROs choosing this method do not have to go through the compatibility testing with the IRS.

Once the IRS receives the electronic returns, they will provide an acknowledgement that says whether the federal income tax return is Accepted or Rejected, based on the taxpayer's name matching with the social security number provided and other established criteria.

If the federal income tax return is rejected, the acknowledgement will give the reason(s) why. You must correct and retransmit the federal return. Note: The Wisconsin Department of Revenue will not receive the state income tax return, until the federal return is accepted or the state return is sent as "State Only".

Once the federal return is accepted, DOR will receive the state income tax return. DOR will provide an acknowledgement that says whether the Wisconsin return is Accepted or Rejected, based on established criteria.

If the Wisconsin tax return is rejected, the acknowledgement will give the reason(s) why. You must correct and retransmit the Wisconsin return as "State Only".

**11. How do I know my clients' returns were received electronically by the IRS and the Wisconsin Department of Revenue?**

You will receive an acknowledgment within 24 hours of the original transmission from the IRS and within 24 to 72 hours from the State of Wisconsin. See the [Information about Acknowledgments](#).

**12. The software I use does not allow certain federal or state forms to be filed electronically. What should I do if I have a client who is required to file one of these forms along with the tax return?**

If required forms or schedules that accompany a tax return cannot be filed electronically, you should file a paper return **for that client**.

**13. What should I do if a client's tax return is rejected?**


You should try to correct the problem and resubmit the tax return electronically. If the tax return cannot be filed electronically, file a paper return **for that client**.

**14. What should I do if my client does not want to file electronically?**

You should explain to your client the benefits of filing electronically. If your client still does not want to e-file, the client must write "no e-file" before his or her signature on the Wisconsin income tax return. You can then file a paper return **for that client**.

**15. I do not have a computer with a modem. How do I request a waiver?**

If the requirement to electronically file causes an undue hardship, you can request a waiver:

1. Complete Electronic Filing or Electronic Pay  Waiver Request (Form EFT-102).
2. File by:
  - a. Email: [DORWaiverRequest@wisconsin.gov](mailto:DORWaiverRequest@wisconsin.gov)
  - b. Fax: (608) 267-1030
  - c. Mail: Mandate Waiver Request, Wisconsin Department of Revenue, PO Box 8949, Madison, WI 53708-8949.

**16. I cannot afford to buy electronic filing software. What should I do?**

If the requirement to electronically file causes an undue hardship, you can request a waiver, as explained in Question 15.

**17. I no longer file 50 or more tax returns. Am I still required to file electronically?**

The rule provides that you must file electronically if you filed 50 or more tax returns in 2018. If filing returns electronically for 2019 would create an undue hardship, you can request a waiver from the e-filing requirement as explained in Question 15.

**18. Is electronic filing of tax returns secure?**

Yes, internet companies that provide web-based tax preparation use the industry standard Secure Sockets Layer (SSL) protocol to encrypt your personal data.

**19. What are the consequences if I don't file my clients' tax returns electronically?**

At the present time, Wisconsin Administrative Code section Tax 2.08 does not impose penalties for noncompliance with the rule. However, the department will reevaluate the need for penalties based on the level of voluntary compliance.

**20. Since Administrative Code section Tax 2.08 applies to returns of persons other than corporations, am I required to file fiduciary and partnership returns electronically?**

Yes. The Administrative Code section Tax 2.08 requires fiduciary returns (Form 2) and partnership returns (Form 3) to be filed electronically, if the department has provided notification of the requirement to electronically file at least 90 days prior to the due date of the first tax return to be filed electronically.

**21. As a preparer, how do I benefit from filing tax returns electronically?**

Tax professionals say that electronic filing --

- o eliminates the need for photocopies,
- o reduces the need for filing and maintaining paper documents,
- o reduces mailing costs,
- o saves time in correcting errors,
- o saves time by not having to assemble returns,
- o assures that the return was received by IRS and DOR, and
- o clients are happier because they get refund faster.

## 22. **What are the costs of filing returns electronically?**

The costs of electronic filing may include the following:

- o Expenditures to upgrade computers and communications equipment
- o Charges for electronic filing software (some packages are available for less than \$1,000 and include unlimited transmission of both federal and state tax returns)
- o Transmission fees (generally \$1 to \$5 per return if not included in the price of the software)
- o Telephone long distance charges
- o Costs of changing procedures for preparing tax returns. For example, additional data entry may be required. If a return is rejected, the return must be corrected immediately rather than after the filing season.

## 23. **What is Wisconsin e-file?**

The department offers taxpayers a free option to complete and electronically file their Wisconsin income tax return using a fill-in form. Just as they do with paper forms, taxpayers have access to instructions, worksheets, and tax tables to complete and file their Wisconsin Form 1, 1NPR, Schedule H, Form 2 or Schedule CC. For more information, see [Wisconsin e-file](#).

## 24. **During the tax season, I volunteer to prepare returns at no charge for low-income individuals. Am I required to file these returns electronically?**

If you volunteer through one of the Volunteer Income Tax Assistance/Tax Counseling for the Elderly (VITA/TCE) programs that has electronic filing capabilities, we encourage you to e-file the tax returns. Otherwise, since you are not preparing tax returns for compensation, you are not subject to the e-filing requirement.

## Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of January 8, 2020: Sections 71.03 and 73.03, Wis. Stats., and sec. Tax 2.08, Wis. Adm. Code.

Laws enacted and in effect after January 8, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to January 8, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2)(a), Wis. Stats.

### FOR QUESTIONS OR COMMENTS CONTACT:

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Email additional questions to [DORElectronicFiling@wisconsin.gov](mailto:DORElectronicFiling@wisconsin.gov)

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