

## Which file will your executive team want to sign-off on?

```

- <IRS1120 section1294InterestIndicat
  section1291InterestIndicator="SEC
  Doc07100.436018 Doc07100.43
  Doc07100.436087 Doc07100.43
  Doc07100.436149 Doc07100.43
  <IsConsolidatedReturn referenceDo
  <PersonalHoldingCompany referenc
  <PersonalServiceCorporation>X</P
  <ScheduleM3Required referenceDo
  <DateIncorporated>1999-09-12</
  <TotalAssets>20073</TotalAssets
  <InitialReturn>X</InitialReturn>
  <AmendedReturn>X</AmendedRetu
  <CostOfGoodsSold>4005</CostOfC
  <GrossProfit>-4005</GrossProfit>
  
```



Form <b>1120</b>		For calendar year	
Department of the Treasury Internal Revenue Service			
A Check if:		Use IRS label. Otherwise, print or type.	Name
1a Consolidated return (attach Form 851) <input type="checkbox"/>			Number,
b Life/nonlife consolidated return <input type="checkbox"/>			City or to
2 Personal holding co. (attach Sch. PH) <input type="checkbox"/>			
3 Personal service corp. (see instructions) <input type="checkbox"/>		E Check if: (1) <input type="checkbox"/>	
4 Schedule M-3 attached <input type="checkbox"/>			
1a	Gross receipts or sales		
2	Cost of goods sold (Schedule A,		
3	Gross profit. Subtract line 2 from		

### Inside This Issue

“Are you willing to file a tax return that you have not had the chance to review? The chance to Review, Reveal, and Remedy inaccuracies in your return is here.”

### Overview

As tax returns are being submitted in an electronic format to the IRS, it has become very difficult to validate the content of the transmission file to that of the paper returns. Thus, executives who are signing the tax returns have no effective means by which they can be assured that the transmission file contains the exact content of the paper returns that are being printed from their tax software. Therefore, there is a substantial risk of having discrepancies between the paper returns and the transmission file.

To help companies mitigate the risk of having inaccuracies in their transmission file, Tax Technologies, Inc. (TTI) is providing a way for companies to validate the content of their transmission file before it is submitted to the IRS. By means of TTI's eFileReviewer software, which has been in use for the last three years, all participants have to do is to send the transmission file to TTI and we will do the rest! Within two days, TTI will provide tax executives a clear view of their transmission file content and a summary of any potential errors. Companies can also license the software for unlimited use during the preparation of tax returns.

### Review

While supporting our various clients with the review of their transmission files over the last few years, we have encountered the following key issues:

- Non-inclusion of critical forms as part of the transmission file (legal entity Form 1120, Schedule M-3, Form 5471, Form 8858, Form 8865, and Form 4797)
- Incomplete form data content for Schedule M-3 and for data required specifically for e-filing
- Inclusion of unnecessary data
- Incomplete attachments

We have also found that large corporate taxpayers assume that they can rely on their tax software to produce a transmission file that is complete and accurate. The truth of the matter is issues can arise despite the fact that a corporation's software allows the production of an accurate transmission file. For example, an internal process may have caused the e-file content to be out of sync with the paper returns produced by the tax software. And, even though the IRS accepted the transmission, it does not mean that they have the content corporations intended to file. TTI has also found instances where taxpayers thought they had included all

the necessary forms in their transmission file; however, after performing a complete analysis of the transmission file, we had to inform our clients that their e-file did not contain all the returns they had expected. So, the question corporations need to ask themselves is:

**“How do we know our transmission file contains all the information we intended to file?”**

One method corporations commonly use to confirm the accuracy of their transmission files is to view the XML data or the style sheet provided by vendor software. Considering that some corporate taxpayers may have an XML file containing tens of thousands of data rows, this approach is impractical given resource constraints and filing deadlines. Also the style sheet provided by the vendor software may show the content from the software. However, it does not guarantee that the transmission file contains the same information given the fact that the style sheet was developed and provided by the same software vendor who produced the tax return in the first place. Therefore ...

**...how can a corporation's tax return signer be assured that the content of the transmission file is what it is intended to be before it is transmitted to the IRS?**

## Reveal

Because audits of the e-filed returns for many large corporate taxpayers may not have begun, they may not know if they have any potential issues, so now is the time to act!

TTI offers a service that will convert the transmission files at a fixed fee. Under this service, TTI will convert the transmission files into PDF tax forms and attachments so that tax practitioners and executives can review the content of the transmission file easily. TTI also has a solution to analyze a transmission file produced from any IRS-approved corporate tax software.

We believe corporations must incorporate this validation process into their existing tax return review process to ensure complete and correct e-file content is transmitted to the IRS.

## Remedy

For those corporations that choose to use our service, all they have to do is send us their transmission file before the return is filed. We will provide the following deliverables within two days from the receipt of the transmission file:

- Entity and form report (Tax Return Index)
- All IRS forms, schedules, and attachments in PDF format
- Error report
- Return Content Analysis

These deliverables will allow corporations to compare their expected tax returns (paper returns) to the content of the transmission file sent to the IRS.



## How to Use TTI's Service

For more information on how to begin the eFileReview process, visit [www.taxtechnologies.com/services/efilereviewer.aspx](http://www.taxtechnologies.com/services/efilereviewer.aspx) or contact us directly at 1-866-239-4884 for more information.

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