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New Worries Over E-Filing Taxes

For years now I've been criticized as a luddite: the whole idea of e-filing was foreign to me. See [E-Filing And IRS Website](#). I worried how easily the IRS could mine the electronic data. Besides, I'd been hired to help straighten out e-filing messes by those who had hit "send" too soon, making elections that ostensibly could not be undone.

For those and other reasons, I've often said taxpayers should file on [paper](#) whenever possible. But that's not been a popular view. Sometimes armies of e-filer advocates have attacked me like white blood cells for standing in the way of progress and making life difficult for accountants.

As it turned out, Congress stepped in and generally mandated e-filing for most people who have their returns done professionally. [The Worker, Homeownership, and Business Assistance Act of 2009](#) requires many return preparers to file electronically. As implemented by the IRS, a return preparer must file electronically if he or his firm reasonably expects to file 100 or more individual income tax returns during 2011. A lonely few can still file the old fashioned way, and when it comes to old fashioned, the Amish take the cake, shunning modern conveniences.

How do they cope with mandated e-filing? The Amish are facing [e-filing of state tax returns](#), like Enos Yoder, an Amish machine shop owner who files New York sales tax returns. He's done it on paper for years but now is pushed to e-file and even list his phone and Social Security numbers. Slight problem: he has neither.

Nevertheless, the NY State Department of Taxation and Finance says electronic filing of sales-tax returns is [mandatory](#). You can request an exemption if you don't have Internet access, but some Amish businesses are getting penalized. It seems e-file deniers are losing ground fast.

Paper End-Run? It may still be possible to file some IRS returns on paper by having your preparer give **you** your return for filing. [Notice 2010-85](#) provides guidance what to do. But be careful. The Government Accountability Office (GAO) has released a report, "[Electronic Tax Return Filing: Improvements Can Be Made before Mandate Becomes Fully Implemented](#)." The GAO Report notes that 15 out of the 22 states that have e-filing requirements for preparers use either the word "prepare" alone, or "prepare or file," in their requirements. In fact, GAO says Congress may amend the tax code to make it clear you can't avoid e-filing by having your preparer give you back your return to file on paper.

Of course, before you tell me all the great benefits of e-filing, I know. Clearly, e-filing saves the IRS money, gets tax refunds out fast, etc. Besides, IRS officials have said that increased information available electronically could improve the effectiveness of IRS's compliance programs and bring in additional enforcement revenue.

For more, see:

[Amish Clash With NY Over Electronic Tax Filing](#)

[Must The Amish E-File?](#)

[Amish vs. E-Taxes](#)

[Many Tax Return Preparers Must Use IRS E-File Beginning In 2011](#)

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