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Paper Or E-File Your IRS Return?

Fair warning, as a practical matter, you may not have much choice. Why? If you're a do-it-yourselfer, you can choose e-file or the old-fashioned way. I still like paper filing if you can, but few can today. In fact, if you go to a return preparer who expects to file 100 or more tax returns, the preparer must use electronic filing. For more, see [E-Filing And The IRS Website](#).

Excuse Me? However, it turns out you can avoid e-filing if you have a good reason. Plus, you may be able to have your preparer give you your return on paper for you to mail off yourself. First, let's look at excuses. Your preparer can file [IRS Form 8948](#) which lists as one of the excuses for not filing tax returns electronically:

“The preparer is a member of a recognized religious group that is conscientiously opposed to filing electronically.”

I admit I'm not sure what recognized religious group that would be. There are a few other boxes to check besides the religious one, but nothing that's appealing. For example, you *hope* your preparer doesn't check the box that says: “The preparer is ineligible to participate in IRS *e-file* due to an IRS sanction.”

The only other excuse is an “other” category where the preparer is required to explain why the return couldn't be filed electronically. I'm guessing this does not give preparers *carte blanche*. For example, would computer meltdown suffice? There's another form for hardship cases,

([Form 8944](#) Preparer e-file Hardship Waiver Request). [IRS Notice 2010-85](#) explains how to apply for the waiver.

Big E-Push. Not surprisingly, the IRS likes e-filing. In 1998, the [IRS Restructuring and Reform Act of '98](#) targeted e-filing for 80% of tax returns by 2007. The IRS didn't make it, so the IRS Oversight Board recommended stretching it to 2012 but applying the 80% mandate across individual, business, and exempt organization returns.

[The Worker, Homeownership, and Business Assistance Act of 2009](#) requires return preparers who expect to file 10 or more individual, estate, or trust returns after 2010 to file them electronically. However, in December of 2010, IRS announced it was phasing in the new e-filing requirement over two years. Accordingly, for 2011, a return preparer must file electronically if he expects to file—or if he is a member of a firm that reasonably expects in the aggregate to file—100 or more individual income tax returns during 2011.

Paper End-Run? It's still possible in some cases to file 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.

Clearly, e-filing saves the IRS money. 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:

[E-Filing And IRS Website](#)

[Don't Miss The IRS Website](#)

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