

## FREQUENTLY ASKED QUESTIONS ABOUT ELECTRONIC FILING (E-FILE)

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### What is E-File?

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It is a cooperative tax filing program with the IRS which makes it possible for taxpayers to file both federal and state personal income tax returns electronically at the same time. You file your income tax return using a computer instead of manually preparing and mailing your return. It is not only the fastest and most accurate way to file your return, but you can also expect to receive your refund sooner than if you file a paper return. You will receive your refund even faster when you have it deposited directly into your savings or checking account.

### When is the tax filing deadline?

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The income tax filing deadline is **April 17, 2006**. If you file and/or pay taxes due after the April 17<sup>th</sup> due date, you may be subject to interest and penalties.

### Why file electronically?

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You'll get your refund faster. – E-Filed refunds are usually received within 1-2 weeks. Even faster, in as little as 5 days, if the direct deposit option is used.

You'll make fewer errors. The online service automatically checks your return and corrects any math errors it finds. The error rate on E-Filed returns is less than ½%.

You will get an acknowledgement of receipt from both the IRS and the Arizona Department of Revenue via the service, so you will know that your returns have been received and accepted.

### How does E-File work?

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You can choose to have a tax professional E-File your return for you or, if you prefer, you can E-File from your own personal computer. Visit the Arizona Department of Revenue's web site for a listing of approved online service providers and approved prepackaged software. E-File is not only fast, but it's also easy, and you don't have to worry about your return being lost or delayed in the mail.

## Is it safe?

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Yes. Online filing is secure. The information is encrypted and your return is securely transmitted to the IRS and to the Arizona Department of Revenue.

## How accurate is E-File?

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It is virtually error proof! E-File is so accurate it almost eliminates the possibility of a mistake on your return. If an error is found, the Department of Revenue will notify you or your preparer immediately using electronic notification. After the error has been corrected, you may be able to resubmit your return electronically or may need to submit a paper return, depending upon the software program used to file your return.

## How long does it take?

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That will depend on the complexity of your return and the service you select. If you have a simple return, it will take you about one hour.

## How much does it cost?

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Costs vary, depending on which service you use. Check out the costs when visiting each service's web site. Some services offer free filing for people who meet certain income or age limits.

## Will I really get my refund faster?

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In 2002, 98 percent of E-Filed tax returns that expected a refund took as little as 10 days or less while paper returns took considerably longer. To receive your refund as fast as possible, you should select the direct deposit option for your refund. Your refund will reach your checking or savings account in as little as 5 days; plus, you don't have to worry about losing or misplacing the check. You can call your bank to verify that your refund has been deposited.

## Do I need to keep copies of my tax returns?

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Yes. After filing your return online, you will need to print and save a copy for your records, along with your W-2s and 1099s. If you forget, you need only go back to the service's web site, access your information, and print a copy.

## Must I file my federal and Arizona returns at the same time?

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Typically, electronic filing works best when you file both returns at the same time. Unless you select a tax professional or on-line service that offers State-Only filing. When using an on-line service, be sure to examine the options closely as many services charge you for the State-Only option. Typically you are not charged a fee until you print or E-File the return.

## What forms can be E-Filed?

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Depending upon the software program that you choose to file your return or the software program your tax preparer uses, you may be able to file the following Arizona Department of Revenue refund or payment due returns forms electronically.

- 140 Resident Personal Income Tax Return
- 140A Resident Personal Income Tax Return (Short Form)
- 140EZ Resident Personal Income Tax Return (EZ Form)
- 140PY Part-Year Resident Personal Income Tax Return
- 140NR Nonresident Personal Income Tax Return

### **Supporting forms available for electronic filing consist of the following types.**

- Schedule A Federal Form 1040 - Itemized Deductions
- Schedule A Arizona Form 140, Itemized Deduction Adjustment
- Schedule A(PY) Itemized Deductions for Part Year Resident
- Schedule A(PYN) Itemized Deductions for Part Year Resident with Nonresident Income
- Schedule A(NR) Itemized Deductions for Nonresident
- Form 221 Underpayment of Estimated Tax by Individuals
- Form 131 Claim for Refund on Behalf of Deceased Taxpayer

### **Tax credit forms available for electronic filing consist of the following types.**

All 300 credit forms numbered 301 through 331.

## Do any E-File exclusions apply?

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While most taxpayers are eligible to E-File, certain program exclusions do apply. Returns meeting any of the following criteria may not be E-Filed:

- Amended returns
- Returns for Corporate Income Tax. Transaction Privilege Tax and Withholding Tax returns can be filed on-line at [www.aztaxes.gov](http://www.aztaxes.gov).
- Returns for a tax period other than January 1, 2005, through December 31, 2005
- Returns that require taxpayers to file other forms that are not on our "Accepted Forms" list
- Returns reporting or claiming information for an individual without a social security number, including dependents without social security numbers

## Can you briefly tell me the steps I need to take to E-File this year?

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These are the steps in the E-File process:

1. Tax preparer/Taxpayer enters data into software program and prepares the federal and Arizona returns
2. Tax preparer/Taxpayer completes Form AZ-8453 signature document
3. Tax preparer/Taxpayer confirms direct deposit information if a refund is expected.
4. Tax preparer/Taxpayer reviews and verifies information on the returns
5. Tax preparer/Taxpayer prints a copy of the tax return
6. Tax preparer/Taxpayer completes Form 1040V or 140V if tax due.
7. Tax preparer/Taxpayer transmits the returns – Remember, April 17, 2006 is still the deadline date.
8. Tax preparer/Taxpayer receives acknowledgements and notices
9. Tax preparer/Taxpayer retains wage statements for four years

### Note:

- **IRS** acknowledgements are issued within **24 hours**.
- **Arizona Department of Revenue** acknowledgements are generally issued within **48 hours**.

If you use a tax professional to E-file your return, filing taxes becomes virtually a paperless process, unless you owe taxes. If you owe taxes and are not paying by electronic funds withdrawal, you will need to send the Arizona Department of Revenue a check with a payment voucher by the April 17 due date to avoid penalty and interest. Your tax preparer will give you a payment voucher that is generated by your preparer's tax preparation software.

## How do I sign my E-File tax return?

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Paperless electronic signature is accomplished using the Self-Select PIN to sign your return. A PIN (Personal Identification Number) is any five numbers you choose (except all zeros) to use as your electronic signature.

### Benefits of E-File with an Electronic Signature:

- It's simple!
- Create your own PIN using any 5 numbers.
- No registration required.
- No calls to the Arizona Department of Revenue to get a PIN.
- No paper signature to mail in.
- Proof of Acceptance!

If you choose the Self-Select PIN you will need your original Adjusted Gross Income (AGI) from your 2004 tax return and your Date of Birth for verification purposes. If you did not file a return for 2004 you may still be able to use the Self-Select PIN.

## How will I know if my E-Filed return is received?

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In approximately 48 hours, the Arizona Department of Revenue will send an electronic notification letting you or your preparer know that your return was received and accepted. Only E-File offers this advantage.

## What happens after I've filed?

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A day or two later, go back into your service provider's web site and access your account information to find out if your online filing was successful. Make sure to keep your user identification and password; you will need them to access your account at a later date. If both federal and state returns were accepted, you will receive an acceptance ID number. For your personal records, we recommend you keep a paper copy of your tax forms, your acceptance identification numbers, and your user ID/password.

## Do I need to submit any paper documents?

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For all E-Filed returns either an **AZ-8453** (Declaration for E-Filing of Income Tax Return) **or** **AZ-8879** (E-file Signature Authorization) must be completed and retained in *your* files along with Forms W2, W-2G, 1099-R and a printed copy of your tax return. Do not mail these items to the Arizona Department of Revenue unless a request is made by the department.

## If I file electronically, can I pay electronically?

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Yes, you can authorize an electronic funds withdrawal (direct debit) from your checking or savings account.

## Why pay electronically?

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Electronic payment is convenient, safe, and free.

- E-File and E-Pay in a single step.
- E-File early and, at the same time, schedule an electronic payment for withdrawal from a bank account on a future date.
- Payment information will only be used for the tax payment(s) authorized by you. No unauthorized withdrawals will be made.
- Payment information will not be disclosed for any reason other than processing the transaction authorized by you.
- It's free. Although there are no service charges for using the electronic payment option, please check with your financial institution about any fees it may charge.

## How can I initiate an electronic funds withdrawal?

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If there is a balance due on your E-Filed return, most software packages will include an option for you to elect to pay by electronic funds withdrawal. Upon selection of this option, a payment record will display for entry of account information (most software). You can pay your balance due now or specify a future payment date up to and including April 17, 2006. Future dates cannot be selected beyond April 17, 2006.

## What information do I need to make an electronic fund withdrawal and how will it be used once my return is transmitted?

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Your electronic funds withdrawal information will be used only for taxes paid with your tax return. You need to know your bank checking or savings account number and the routing transit number of your financial institution. The routing number is the nine-digit number on your checks. The routing number for a savings account in the same financial institution is usually the same number that is located on your checks. However, the account number is different. Call your financial institution if you have any questions.

### Sample Check

JOHN DOE OR JANE DOE  
123 First Street  
Sometown, AZ 00000

PAY TO THE ORDER OF SAMPLE \$ 1234.00  
DOLLARS

THIS BANK Sometown, AZ 00000

For 250250025 202020186 1234

**Note:** The routing and account numbers may be in different places on your check.

## If I choose the electronic funds withdrawal option and delay payment, can I be sure the money won't be withdrawn sooner?

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Money will not be withdrawn from your account before the date you specify if you file timely. However, if you designate a weekend or bank holiday, the payment will be withdrawn the next business day. If you file late, the payment will be processed the day we receive your E-filed return.

## Can I make an electronic fund withdrawal after the April filing deadline?

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Yes, if you E-file your return after April 17, 2006, you can still elect to pay the balance due by electronic funds withdrawal. However, your payment will be considered late and your payment date will be determined by the date your return is E-Filed. Electronic funds withdrawal is available through October 16, 2006.

## What will I receive as confirmation that my funds were withdrawn?

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Your confirmation will be your copy of your E-Filed return that includes the electronic funds withdrawal authorization and your bank statement that includes an Arizona Department of Revenue line item.

**Will I be notified if my withdrawal cannot be processed?**[Return to Index](#)

If your electronic funds withdrawal is returned by your financial institution due to insufficient funds, incorrect bank account information, closed accounts, etc., the Arizona Department of Revenue will send a notification letter to the address on your tax return explaining why the withdrawal could not be processed. You will need to submit a check or money order, along with form AZ-140V Payment Voucher for Electronic Filing to the address listed on the form. A second request for a withdrawal **cannot** be made after the initial request.

**What if later I want to change my designated withdrawal date or cancel my electronic funds withdrawal?**[Return to Index](#)

Once your E-Filed return is accepted, you cannot change your designated withdrawal date or cancel your electronic funds withdrawal request.

**How do I pay my balance due other than electronically?**[Return to Index](#)

If you do not choose to pay your balance due by electronic funds withdrawal, you can send in a check or money order with form AZ-140V Payment Voucher for Electronic Filing. Your tax professional or the software program used to file your return from home will instruct you how to submit this form. The form AZ-140V Payment Voucher for Electronic Filing is printed directly from the software once the return has been completed.