

Income Tax Fact Sheet 17, Preparer's Paper-Filing Fee

If you are a tax preparer who is required to file Minnesota tax returns electronically, you must pay a \$5 fee for each original return filed on paper that could have been e-filed.

Am I required to file electronically?

You are required to e-file all Minnesota tax returns if you are in the business of preparing tax returns and you expect to prepare more than 10 Minnesota tax returns this year. This requirement also applies to preparers in other states.

The requirement does not include returns you prepare for homestead credit refunds, renter's property tax refunds, amended income tax returns, or returns filed with other states.

For this requirement, your business as a whole is the "preparer." If you have employees who prepare returns, the total number of returns prepared by all of your employees counts toward your total. If the business operates from several locations, the total of returns prepared by all locations count toward your total.

If you are required to e-file Minnesota returns or wish to become an authorized e-file provider, see **How to Become an Authorized E-file Provider** on page 2.

What returns are included?

These requirements apply to all individual income, corporate franchise, S corporation, partnership, and fiduciary income tax returns. This includes:

- Form M1, *Individual Income Tax*
- Form M2, *Income Tax Return for Estates and Trusts*
- Form M3, *Partnership Return*
- Form M4, *Corporation Franchise Tax Return*
- Form M8, *S Corporation Return*

The fee and requirement to file electronically are based off the total number of all of these forms filed by you and your business.

How much do I owe?

For each original Minnesota form you prepare, keep a count of how many are filed on paper or are e-filed. Keep the total number of paper and e-filed returns with your records.

The fee is \$5 for each original form that is filed on paper that could have been filed electronically.

You will also need to pay the fee for returns you filed on paper because:

- Your software does not support electronic filing (To avoid fees, you should choose a package that allows for Minnesota e-filing. You can find a list of software on our website. Select **Approved Software** under Tax Professionals)
- Your software does not support all forms (We know that there may be exceptions because of software or other limitations, and we will review them on a case-by-case basis. However, the paper-filing fee will apply if the return was otherwise eligible for e-filing)
- Your client is a nonresident or a part-year resident of Minnesota

To determine the fee you are required to pay, multiply \$5 by the number of eligible returns you prepared that were filed on paper.

There is no form for you to complete.

Exceptions

We will waive the fee only if the IRS or the Minnesota Department of Revenue requires the federal or Minnesota return to be filed on paper. If this is the case, write down the reason and keep it with your records.

Example: When John tried to transmit his client's federal return, the IRS rejected the Social Security number so now he's unable to e-file the Minnesota return. Because the IRS requires John's client to file a paper federal return, we will waive the fee for filing a paper Minnesota return.

When do I pay?

Payments are due by:

- **June 15** for paper returns filed between January 1 and April 15 of the year
- **January 15** of the following year based on paper returns filed between April 16 and December 31

Continued

If the due date falls on a weekend or holiday, payments you make electronically or postmark on the next business day are considered timely.

If no paper returns are filed, you do not owe a fee, and there's nothing for you to do for that installment period.

How do I pay?

Simply send your payment electronically or by check based on your total paper returns filed during the period.

Electronically

Paying electronically using e-Services is free, with no registration required and no paper voucher or form to send with your payment.

You will need:

- Your identifying number (Minnesota Tax ID or Social Security number) that you provide in the preparer information area on the returns you prepare. If you provide your Preparer Tax Identification Number (PTIN) on the returns, you must use your Social Security number to pay your paper-filing fees
- The four-digit calendar year—not the tax year—for which you are making the payment
- Your payment and banking information (routing and account numbers). You must use an account not associated with any foreign banks.

To Pay Electronically

1. Go to www.revenue.state.mn.us and log in to e-Services. If you're using the system for the first time and you need a temporary password, call 651-282-5225.
2. Select your **Paper Filing Fee account**
3. Under the **I Want To** menu, choose **Manage payments**.
4. If you use your **Social Security Number**, choose **Manage payments** under the **I Want To** menu.
5. Select **For an account I do not have online access to**.
6. Enter the requested information. When you are done, you will be given a confirmation number and a date/time stamp. Record this information and keep it with your records.

Pay by Check

1. Go to our website at www.revenue.state.mn.us.
2. Select **Make a Payment**.
3. Select **Check or Money Order** to create a payment voucher.
4. Use your identifying number (Minnesota Tax ID or Social Security number) that you provide in the preparer information area on the returns you prepare. If you provide your PTIN on the returns, use your Social Security number to pay your paper-filing fees.
5. Mail the voucher with your check or money order to the address provided on the voucher.

Your check authorizes us to make a one-time electronic fund transfer from your account. You will not receive your cancelled check.

How to Become an Authorized E-file Provider

To e-file returns, you must become an authorized IRS e-file provider. Go to the IRS website at www.irs.gov and choose **Tax Pros**.

To see a list of department-approved software vendors, go to www.revenue.state.mn.us and choose **Approved Software** under **Tax Professionals**.

Recordkeeping

For each return you prepare, you must keep track of how it was filed—on paper or e-filed. For each return that is ineligible to e-file, you must also document the reason why it was ineligible. If the return was filed on paper, you will need to substantiate why you did not assess a fee. Your records must be available if requested by the department.

Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: www.revenue.state.mn.us

Email: individual.incometax@state.mn.us

Phone: 651-296-3781 or 1-800-652-9094 (toll-free)

This information is available in alternate formats.