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Mar. 22, 2014

Form **8879** IRS e-file Signature Authorization OMB No. 1545-0074
Department of the Treasury Internal Revenue Service
Do not send to the IRS. This is not a tax return.
Keep this form for your records. See instructions.

Declaration Control Number (DCN) **1**

Taxpayer's name _____ Social security number _____
Spouse's name _____ Spouse's social security number _____

Part I Tax Return Information—Tax Year Ending December 31, 2010 (Whole Dollars Only)

| | | |
|---|---|---|
| 1 | Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4) | 1 |
| 2 | Total tax (Form 1040, line 60; Form 1040A, line 37; Form 1040EZ, line 11) | 2 |
| 3 | Federal income tax withheld (Form 1040, line 61; Form 1040A, line 38; Form 1040EZ, line 7) | 3 |
| 4 | Refund (Form 1040, line 74a; Form 1040A, line 46a; Form 1040EZ, line 12a; Form 1040-SS, Part I, line 12a) | 4 |
| 5 | Amount you owe (Form 1040, line 76; Form 1040A, line 48; Form 1040EZ, line 13) | 5 |

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2010, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts from my electronic income tax return. I consent to allow my immediate service provider, translator, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgment of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated financial agent to initiate an ACH electronic funds withdrawal direct debit entry to the financial institution account indicated in the tax preparation software for payment of any federal taxes owed on the return. I understand that the IRS may also use the information on this form to verify the accuracy of the information on my return.

The Hassles of Obtaining Manual Signatures on Form 8879

Most tax and accounting firms spend countless hours chasing their clients for manual signatures on Form 8879. Once signed, the client can return the completed form in a number of ways. They might mail or drop off a hard copy, they might fax it back, or they might scan and email you a PDF copy. Your staff then spends more time tracking the status for each taxpayer and notifying the professionals so they can e-File the return. And finally, hard copies and faxed copies often need to be converted back to PDF format for storage in your Document Management System or network shared drive. Simply put, this manual process is cumbersome, time consuming and extremely inefficient for all parties involved. When using E-Signatures on Form 8879, the above hassles are a thing of the past.

The IRS and Form 8879

Effective March 11, 2014, the IRS approved E-Signatures on Form 8879 through an

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each taxpayer on the form with an acceptable level of assurance. Knowledge Based Authentication (KBA) is the most widely used. KBA is a question and answer based method of authentication that pulls questions from sources such as credit reporting agencies

- For in-person transactions, the ERO must inspect a valid government issued picture ID and record various information such as name, SS#, address and DOB
- For remote transactions, the ERO must record the name, SS#, address and DOB of the taxpayer and ensure it is consistent with the KBA agency providing the authentication process
- Require a manual signature in the event the taxpayer fails the identity verification process after three attempts
- A copy of the tax return needs to be sent with the Form 8879 and be a part of the final signed document
- The final signed document must be tamper proof, so it must be locked to prevent tampering
- The final signed document should be delivered to the client through an encrypted process to ensure confidentiality and compliance with Breach of Privacy laws

Unfortunately, most of the broad based E-Signature solutions do not conform to these requirements without significant modifications or configuration changes.

Top Considerations When Choosing an E-Signature Solution

Every industry vertical has its own set of document types and workflow requirements surrounding the E-Signature process. E-Signatures are growing in popularity through broad based E-Signature solutions such as Adobe EchoSign, DocuSign, RightSignature, and AssureSign. These solutions were designed for mass markets and do not meet the needs, demands, workflow, security or IRS requirements of the tax & accounting industry.

Your firm should look for a solution that is tax & accounting specific. For example,

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defined above and ensure security in the delivery of the final signed documents to your client.

Accounting firms often need to mail merge and batch process documents requiring signatures. Examples include annual engagement letters and §7216 consent for clients, and annual independence surveys for staff. Your solution should provide the tools necessary to mail merge and batch process hundreds of documents for E-Signature with the click of a button.

Finally, be careful of monthly subscription fees. Most providers have “reasonable use clauses” which restrict the number of documents that can be sent monthly per licensed user. Accounting firms tend to have seasonal demands and can quickly surpass the reasonable use clauses, resulting in higher monthly fees. To obtain the full benefits of your E-Signature solution, you should license all members of your firm so they have access to the real time reporting, tracking and management features. As a result, we recommend solutions that allow free licenses to all members of your firm, and then bill based on the actual number of documents sent for E-Signature.

Using E-Signatures on Other Document Types

The hassles of the manual process explained for Form 8879 equally apply to other documents requiring signature. As for client facing documents, firms are sending engagement letters, management and audit representation Letters, §7216 consent forms, A/R and A/P confirmations, new client acceptance forms, payroll processing forms, W-9 and Form 4506-T for E-Signature. As for internal documents, firms are sending annual independence surveys, IT policy documents, partnership agreements and a wide variety of human resource related documents including offers of employment, Forms W-4 and I-9, employee handbooks, medical, dental, insurance

and 401k forms for E-Signature. Firms are reporting that they can process these

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Income Tax • Technology

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