



# *COMMONWEALTH of VIRGINIA*

## *Department of Taxation*

August 29, 2011

The Honorable Lacey E. Putney, Chairman  
House Appropriations Committee  
P.O. Box 406  
General Assembly Building  
Richmond, VA 23218

The Honorable Charles J. Colgan, Chairman  
Senate Finance Committee  
P.O. Box 396  
Richmond, VA 23218

Re: Report on Free Fill Fillable Forms Program  
Pursuant to Item No. 262 M, 2011 Acts of Assembly, Chapter 890

Dear Delegate Putney and Senator Colgan:

Item No. 262 M of HB 1500 (Chapter 890) requires the Department of Taxation to accept a fillable form through the Virginia Free File Program, and to report on the status of implementing the program by September 1, 2011. This letter serves as the Department's report.

The fillable form will allow residents of the Commonwealth of Virginia to electronically submit their state income tax returns to the Department without charge. The fillable form program is required to be available before, but no later than, December 31, 2011.

In July, 2011 the Department mailed the attached Letter of Invitation and Fillable Forms Offer to the six Free File vendors that are currently part of the Virginia Free File Consortium. The purpose of this Offer was to solicit their participation to develop and host free Fillable Forms software for the 2011 taxable year. The six vendors that received this Offer include Intuit, H & R Block, Liberty Tax, 1040Now, TaxHawk and TaxSlayer. Only one vendor, Intuit, accepted our offer.

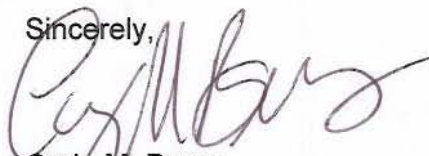
The Department will provide Intuit with final e-File business rules, file formats, and form specifications for the upcoming tax year by September 15, 2011. Early release forms and instructions will be posted on the Department's website no later than October 1, 2011. Intuit will provide a test URL of its Fillable Forms software by December 15, 2011 for the Department to test. The Department will test and accept the Fillable Form software by December 31, 2011.

The Honorable Lacey E. Putney, Chairman  
The Honorable Charles J. Colgan, Chairman  
August 29, 2011  
Page 2

Please note that, while the Fillable Forms software will be ready for use by December 31, 2011, as required by Item 262 M, it will not be accessible to the public at that time. Virginia's e-File, Free File and the new Fillable Forms program are all dependent on the IRS as the owner of "e-File" because they control the gateway through which returns are electronically filed. The IRS shuts down its e-File program on October 15 of each year and does not start it back up until mid-January in order to prepare their systems for the next tax year. This means that Virginia's e-File, Free File and the new Fillable Forms solution will not be available for the 2011 tax year until January 13, 2012.

Please let me know if I can be of further assistance.

Sincerely,



Craig M. Burns  
Tax Commissioner

Attachments (2)



## ***COMMONWEALTH of VIRGINIA***

*Department of Taxation*

July 19, 2011

Dear Free File Vendor:

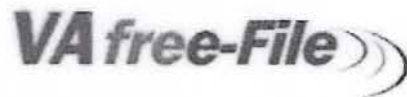
The Virginia Department of Taxation is offering existing Free File vendors the opportunity to develop and host free Fillable Forms software with simple math and e-File capability for the Virginia individual income tax forms for the 2011 taxable year.

If you are interested in partnering with us to provide this software solution please review the attached Free File Fillable Forms Offer and Business Requirements and return a signed copy of the Offer to us within 10 business days of receipt.

If you have any questions, please contact Nancy Wilson at [nancy.wilson@tax.virginia.gov](mailto:nancy.wilson@tax.virginia.gov) or (804) 367-8437.

Sincerely,

Patti Higgins  
Assistant Tax Commissioner  
Tax Processing Operations



## Virginia Free File Fillable Forms Offer

### Purpose

The 2011 Virginia General Assembly passed budget language requiring the Virginia Department of Taxation (the Department) to expand the current Virginia Free File Program to include a free fillable form solution that will provide the opportunity for most Virginia taxpayers to e-File their individual income tax return for free. The fillable forms solution is an easy-to-use online free fillable form for Virginia taxpayers that is the electronic equivalent of the paper forms with simple math and e-file.

The purpose of this Offer is to define the requirements that the Free File vendor (Vendor) must comply with in order to provide Free File Fillable Forms software for the Department.

### Requirements

- The Vendor must be an approved Free File vendor with the Department.
- The Vendor must sign this Offer and return it to the Department within 10 business days of receipt. If the Vendor does not return the signed Offer by the due date, the Vendor must wait until the following year to be part of the Virginia Free File Fillable Forms program.
- The Department will review the Vendor's qualifications and provide written approval or denial of the Vendor as a Free File Fillable Forms' vendor within 10 business days of receipt of the Vendor's signed Offer.
- The Vendor must develop and maintain its software at **no cost** to the Commonwealth of Virginia and its taxpayers.
- The Vendor must follow the attached Business Requirements to ensure consistency amongst vendor software products.
- The Vendor may withdraw its Fillable Forms solution from the Virginia Free File program with 30 days written notice.
- Following approval, the Department may cancel or suspend a Vendor with 30 days written notice under the following conditions:
  - Excessive number of significant complaints or problems encountered with the Vendor's software, or
  - Performance of software not in accordance with the requirements outlined in this Offer.
- The Vendor's Fillable Forms software shall not be interview-based or incorporate dynamic logic, but instead reflect the fillable equivalent of Virginia's paper tax return(s) and

associated forms and schedules. Fillable Forms software should not compete with sophisticated commercial tax preparation software.

- The Vendor's Fillable Forms software must be compatible with the IRS's Modernized e-File (MeF) platform. Legacy e-file system will be supported as a secondary in the transition year.
- All Fillable Forms software solutions will be generically branded as "State Fillable Forms." The vendor may not brand its software with any provider brands or marks.
- The Vendor may not independently market or promote its Fillable Forms software solution.
- The Vendor's Fillable Forms software must be accessed directly from the Department's website. Vendor shall not promote any external launch points.
- The Vendor must launch its Free File Fillable Forms software using the URL naming convention of [www.statefillableforms.xxx/VA](http://www.statefillableforms.xxx/VA). The "xxx" URL extension will be unique to each vendor. The Department will advise the vendor what is still available.
- E-File returns and computer generated paper must be in accordance with the Department's business rules, schema package, and computer generated form specifications.
- The Department will provide preliminary e-File business rules, schemas, and form specifications for the upcoming tax year by August 15 of each year and final specifications and business rules by September 15 of each year.
- Early release forms and instructions will be posted on the Department's website no later than October 1 of each year.
- The Vendor's screen designs should be based on the designs in the attached Business Requirements shall be subject to final approval by the Department.
- The Vendor must provide a test URL of its Fillable Forms software for the Department to test no later than December 15 of each year.
- The vendor's software must pass the Department's Acceptance Testing (ATS). The Department will provide test results within five business days of receipt of the test data from the Vendor.
- The Department will provide the first-tier of customer support to State Fillable Forms users. The Vendor must provide a dedicated customer service support process to the Department's staff for questions and problem solving.
- The Department will provide dedicated staff to work with the Vendor on the Fillable Forms program. The Vendor must provide a dedicated IT team to address software issues promptly.
- The Department will promote Free Fillable Forms in conjunction with other e-File and Free File promotions. At a minimum this will include inclusion in the 760 instructions, all applicable website pages and FAQs, and e-Subscription announcements.

- The Vendor must include a link to the Department's Live Chat on each page of the tax forms and schedules. Vendor agrees that this link will open a second browser that will link to Live Chat.
- The Vendor must post its Privacy Statement, Terms of Service, and Security certificate icon on the footer of each Fillable Forms page. The Privacy Statement and Terms of Service must identify the Vendor. This is the only place where branding is permitted.
- The Vendor will post the Frequently Asked Questions (FAQs) as provided by the Department. The FAQs will be jointly reviewed and updated. As the Department makes changes, the Vendor will update in its next scheduled release.
- Any updates or enhancements to the Fillable Forms utility must be agreed upon by the Vendor and the Department and must include the following information: a description of the change, the reason for making the change, and the anticipated date the change will be implemented. Future changes to the utility will be limited to updating agreed upon forms and fixing technical issues. As appropriate, the Department must be given an opportunity to perform additional testing.
- The Vendor must inform the Department of scheduled outages in advance.
- The Vendor may not assign this Offer to another party without express written permission from the Department.

**All agreements, memoranda of understanding, terms and conditions governing the IRS Free File program, including IRS Fillable Forms, that are directly applicable to the State Free File program by analogy are incorporated HEREIN by reference, e.g., service levels, required disclosures and testing, privacy, security, government non-competition, consumer protection, specifications, terms of service, and all the other mutual covenants contained in those documents.**

**An agreement or contract will be formed by the Vendor's acceptance of this offer as evidenced by its signature below.**

\_\_\_\_\_  
Free File Vendor

\_\_\_\_\_  
Authorized Agent of the Vendor (print name)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date