



E-File Mandate for Businesses

Introduction

You may be required to electronically file (e-file) authorized tax documents you prepare for your business. You may also be required to electronically pay (e-pay) certain tax liabilities. This bulletin provides information on who is subject to the e-file and e-pay mandate for businesses, how to e-file, the tax documents subject to the mandate, and the penalties for noncompliance.

Who must e-file

If you are a partnership, you must e-file all *authorized tax documents* if you:

- prepare tax documents yourself without the assistance of a tax professional;
- use approved e-file *tax software* to prepare your return or extension; and
- have broadband Internet access.

If you are a corporation, you must e-file all *authorized tax documents* if you:

- prepare tax documents yourself without the assistance of a tax professional;
- use approved e-file *tax software* to prepare your return, or use a computer to prepare, document, or calculate an extension or estimated tax payment; and
- have broadband Internet access.

If you are an employer, you must e-file and e-pay withholding tax returns due on or after April 30, 2015, if you:

- prepare tax documents yourself without the assistance of a tax professional;
- use a computer to prepare, document, or calculate the required filings; and
- have broadband Internet access.

If you are a sales tax vendor, required to make estimated payments under the petroleum business tax (PrompTax), or required to file quarterly returns under the International Fuel Tax Agreement (IFTA), you must Web File all *authorized tax documents* if you:

- prepare tax documents yourself without the assistance of a tax professional;
- use a computer to prepare, document, or calculate the required filings; and
- have broadband Internet access.

If you are required to file returns for beverage container deposits or the New York City taxicab and hail vehicle trip tax, you must Web File all quarterly returns.

How to e-file

There are two methods for electronically filing authorized tax documents. For certain documents, you may be required to submit the document using a specific method:

- approved tax preparation software, or
- Web File through the Tax Department's Online Services.

You may also have an option to submit the document by either of the above methods. For specific e-file information by tax type, see [E-file – mandate for business taxpayers](#), on our Web site.

E-pay mandate

You may be required to e-pay any remittances for authorized tax documents that must be e-filed.

Documents and payments subject to the mandate

See [E-file mandate and filing/payment methods](#) on our Web site for a list of tax documents subject to the mandate, the method required to submit each document, and the available payment methods.

Definitions

An *authorized tax document* is a tax document authorized by the Commissioner of Taxation and Finance to be filed electronically. For purposes of the e-file mandate, an authorized tax document does not include any return or report that includes one or more tax documents that cannot be filed electronically.

Tax software is any computer software program intended for tax return preparation purposes. This includes, but is not limited to:

- an off-the-shelf software program loaded onto a taxpayer's computer;
- an online tax preparation application; or
- a tax preparation application hosted by the Tax Department (Web File).

Penalties for failure to e-file or e-pay

If you do not e-file and e-pay when required to do so, the department may impose penalties on you.

The following penalties may be imposed on businesses:

- \$50 penalty for each tax document not e-filed, and
- \$50 penalty for each failure to e-pay.

In addition:

- You may be subject to the failure to file penalty imposed for that tax type, even if a paper return is filed.
- Any overpayment claimed on a paper tax document that was required to be e-filed may not be eligible to receive interest until the document is e-filed.

Note: These provisions do not apply to personal income tax returns.

The penalties described above will not be imposed if you can establish reasonable cause.

Reasonable cause not to e-file

We will make reasonable-cause determinations on a case-by-case basis, using our current standards found in the Tax Department's Procedural Regulations (20 NYCRR sections 2392.1, 2396.11, and 2397.7).

We will also take the following circumstances into account in determining whether reasonable cause exists:

- whether the business's New York State approved e-file software supports e-filing of a return;
- whether the return was e-filed, but rejected for a condition that can't be identified or resolved;
- whether there existed an extended Internet outage at the business's location;
- any other cause which appears to a person of ordinary prudence and intelligence as a reasonable cause for the failure to e-file and that clearly indicates an absence of willful intent to disregard the e-file mandate; and
- a business's overall compliance with the New York State e-file mandate.

While we will make reasonable-cause determinations on a case-by-case basis, the following facts and circumstances will never be considered reasonable cause:

- a business's desire to opt out of e-filing,
- ignorance of the law, or
- reluctance to provide bank account information electronically.

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

References and other useful information

Tax Law: Section 29