

## **Electronic Filing of Form 8038-CP – alternate text**

### **1. Electronic Filing of Form 8038-CP**

Hello, and thank you for watching this video regarding electronic filing of Form 8038-CP.

As part of ongoing efforts to improve service for the tax-advantaged bond community, the IRS has revised Form 8038-CP, used by issuers of direct pay bonds to claim credit payments, to allow for electronic filing. Electronic filing offers many advantages over paper filing, including rapid and secure transmission of forms to the IRS, faster processing and payment, and reduced errors.

In this video we'll discuss some of the key points you need to know about electronic filing of Form 8038-CP. We're presenting this video to provide a brief overview to the Tax Advantaged Bond Community, including issuers of direct pay bonds, paid preparers, and other industry professionals. Please keep in mind this video is not official guidance, and filers of Form 8038-CP should carefully read and follow the instructions for the form.

### **2. How to get started?**

If you're new to electronic filing, the first step is to find an authorized e-file provider. This is because all 8038-CP returns filed electronically must be transmitted to the IRS through an authorized e-file provider. You can find a list of approved e-file providers on the [IRS.gov/8038Corner](https://www.irs.gov/8038Corner) page. Scroll down and click on the link labeled "Authorized 8038-CP e-file providers."

Another way to find a list of approved e-file providers on IRS.gov is to first, search for 8038-CP, then filter by selecting Software Development on the left side. Scroll down and click on the link labeled "Exempt Organizations and Other Tax Exempt Entities Modernized e-File Providers", also indicated by the acronym MeF. You'll see several options, listed by tax year. The 8038-CP software found with the link for the most recent Tax Year listed should be used.

For returns filed after December 31, 2023, electronic filing is mandatory for many issuers. This is pursuant to Final Regulations published February 23, 2023. These

regulations specify that electronic filing will be mandatory if the issuer is required to file at least 10 returns of any type during the calendar year.

### **3. Important information about electronic filing of Form 8038-CP**

Here's some important information to help you successfully file Form 8038-CP electronically.

First of all, it's important to ensure the return is fully completed. This means that all required lines must have an entry, even if that entry is a zero or a checkbox. When using electronic filing, a return without required information will be rejected by the IRS.

It's also critical to get the right entity information. Remember that Part I of the Form is used to indicate the entity that will receive payment, and Part II is used to provide information regarding the issuer of the bonds. If both parts are the same, then you can enter the word "Same" for Part II. However, if they are different, as might be the case if payments are being sent directly to a trustee, the information on Part II must be correct.

Two pieces of information are particularly important. These are the issuer's employer identification number, or EIN, and the issuer's name. Please be sure to use the correct EIN for the issuer of the bonds.

For your organization's name, IRS systems use the first 4 characters as an index or name control. If you do not already file electronic returns with the IRS, verify the correct name to use with other persons in your organization who file electronic returns with the IRS using the same EIN. For example, it may be important to confirm whether they use "County of ABC" or "ABC County", so there is no error when the return is being processed.

If the system doesn't recognize the issuer's 4 character index or name control on the return as matching the issuer's EIN, the return won't transmit through the e-file system and will be rejected.

### **4. Other practical items for electronic filing**

Let's review some practical points for electronic filing.

If you encounter difficulties preparing or transmitting your e-filed return, a first step is to refer to the error message generated when the return is not accepted.

If you can't find the solution in the form's instructions or on the IRS.gov pages concerning Form 8038-CP, your next step should be to contact the software provider you used to e-file your return. The IRS regularly communicates any known issues to the software providers, so if others have encountered the same issue, your software provider may already be aware of it and have a solution.

If the software provider cannot resolve the issue, you can call the IRS e-Help Desk, at 866-255-0654. Please be aware, these inquiries are limited to technical issues about electronic filing, as the e-Help Desk cannot provide tax advice.

## **5. Review of 8038-CP General Filing Requirements**

Now that we've discussed electronic filing, let's spend a moment on some general filing pointers.

If you file a paper return, please be sure to use the most current version of the form. It's important to use the most recent revision to ensure your credit payment requests are processed as efficiently as possible. Another advantage of electronic filing is that it ensures you are always using the most recent version of the form and its schedule A.

Schedule A is required for issues of new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and qualified school construction bonds. In December 2022, Schedule A was revised and now requires you to enter the interest payment date in the heading instead of the date of issue.

You can find the most recent versions of Form 8038-CP, Schedule A, and the Instructions on IRS.gov. Search for 8038-CP, then filter by selecting Forms and Instructions on the left side.

Let's briefly review a few basic filing requirements.

Please be sure that your organization files form 8038-CP timely. For fixed rate bonds, file at least 45 days before but no more than 90 days before the interest payment date. This will allow sufficient time to make a timely payment, even if there are mistakes on the return or correspondence is needed to verify information. This also applies to electronically filed returns.

Make sure that all required lines are completed. If you are filing electronically, the e-file software checks for this automatically.

Issuers are required to assign report numbers for bonds eligible to receive credit payments. Issuers must assign a separate report number between 401 and 450 for each type of bond that is required to be treated as a separate bond issue for purposes of Form 8038-CP payment requests. Once a report number is used for a bond issue, the same report number must be used for all future filings of Form 8038-CP for that bond issue. The report number may not be used for any other Direct Pay bonds, even after bonds are no longer outstanding.

You can find detailed information on Form 8038-CP filing requirements in the current Instructions for the form. For the most up to date information, always check IRS.gov for any subsequent versions of the form and instructions.

## **6. Common Problems with Form 8038-CP**

Next, I'd like to mention some problems the IRS has encountered with recent filings of Form 8038-CP.

First, we have noticed problems with the report numbers. As I mentioned earlier, issuers are required to assign a permanent report number for each direct pay bond issue. Unfortunately, if the return does not have the correct report number originally assigned by the issuer, the IRS might not be able to distinguish this return from a return filed for another bond issue of the issuer. With e-filed returns, returns with incorrect report numbers may be rejected by the system. With paper returns, an incorrect report number requires someone at the IRS to manually assign a report number, which may cause a delay in processing.

There have also been problems with claims missing the required Schedule A. Another advantage of electronic filing is that a return is not accepted without Schedule A when it's required. With paper returns, if a required Schedule A is not filed with Form 8038-CP, the IRS will send the issuer a letter requesting Schedule A. This correspondence also delays the processing of the return.

Lastly, we have encountered math errors on returns. Any math errors on a Form 8038-CP need to be corrected before the payment can be processed. Electronic filing prevents math errors on critical lines. With paper returns, the IRS will send

the issuer a letter requesting verification of the entries on certain lines, which in turn delays processing.

## **7. E-file Regulations**

On February 23, 2023, the Treasury published regulations addressing e-filing. These regulations apply to returns filed beginning in January 2024, and contain provisions relating to Form 8038-CP. Under the regulations, an issuer of a qualified bond eligible to file Form 8038-CP must file the return electronically if the issuer is required to file at least 10 returns during the calendar year. The 10 return threshold includes, among others, Forms W-2 and 1099, income tax returns, employment tax returns, and excise tax returns. The regulations do, however, contain provisions for certain exemptions, exclusions and waivers. Further information on how they will apply will be included in future revisions to the form instructions or on IRS.gov.

## **8. Resources on IRS.gov**

Before we close, please remember that the IRS has many resources for issuers of tax-advantaged bonds on its website at IRS.gov. For information about Form 8038-CP, visit the Tax Exempt Bonds website at IRS.gov/bonds. There you will find general information, frequently asked questions, and information about recent updates to the form. If you are not already receiving our Tax Exempt Bond Community Updates, you can also subscribe to receive email announcements with the latest information about this and other developments of interest to the tax advantaged bond community.

[display the links below on the screen]

<https://www.irs.gov/forms-pubs/about-form-8038-cp>

<https://www.irs.gov/tax-exempt-bonds/form-8038-cp-faqs>

[https://www.irs.gov/tax-exempt-bonds/recent-updates-to-form-8038-cp -and-processing-changes](https://www.irs.gov/tax-exempt-bonds/recent-updates-to-form-8038-cp-and-processing-changes)

<https://www.irsvideos.gov/Governments/Bonds/RevisionstoForm8038CP>

For general information about electronic filing, visit [IRS.gov/efile](https://www.irs.gov/efile). You can also download IRS Publication 4163 which covers Modernized e-File Information for Authorized IRS e-File Providers for Business Returns.

We encourage you to explore the website, use and share these resources.

#### **9. Contact Information**

If you need to contact the IRS for technical assistance for a rejected electronic return, call the e-Help Desk: 1-866-255-0654

If you need to contact the IRS for assistance concerning an already filed and accepted return, call TEGE Customer Service: 1-877-829-5500.

#### **10. Conclusion**

We hope you found this video helpful and informative. For additional information on Form 8038-CP and other matters relating to tax-advantaged bonds, please visit the Tax Exempt Bonds website at [IRS.gov/bonds](https://www.irs.gov/bonds). Thank you.