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Handbook for Electronic Return Originators and Transmitters of Individual Income Tax Returns

Tax Year 2011



This publication contains information regarding the Indiana electronic filing program and its application process.

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REVISION 2011 – Indicates changes to this year’s program. Please pay close attention to these sections.

Subscribe for e-Mail Updates

The Department strongly recommends that all Software Developers, EROs and Transmitters subscribe to our website in order to automatically receive e-mail notifications whenever updates to our publications are posted. If you do not already subscribe, please click on the subscription link on our Bulletins for Software Developers webpage.

Bulletins for Software Developers



The tag **REVISION 2011** directs the reader to the general location of changes on the referenced page.

Getting Started

Legacy EMS and Modernized e-File (MeF)

Indiana is participating with the IRS Fed/State Electronic Filing Program under both the legacy EMS platform and the new Modernized e-File platform (MeF). This publication has been significantly redesigned to permit software developers to more easily locate information that is pertinent to Indiana's two filing platforms.

In this publication, you will see references to detailed sections, instead of having all the content in the publication itself. These are noted by bold, black text and underlined. While this is not a live link to the document itself, you simply need to use your back button on your browser to return to the web page to find the actual link. There may be some embedded links in this document as well, that will allow you to open another document directly. These will be in blue text and underlined.

Software development requirements for both platforms will be detailed within Publication 1346. The validation rules for both platforms will be described in Publication 1347. The testing requirements for both platforms will be explained in Publication 1436.

Administrative Highlights

Please refer to the link on our Publication IND1345 webpage.

REVISION 2011 - Prior Year Filings

The EMS Legacy system will continue to accept only current year, 2011 Indiana tax filings.

However, prior year 2009 and 2010 IND tax returns may be filed via the MeF platform with the following restrictions:

- Only software products that were certified to file the 2009 IT-40 during the 2009 tax season and who filed production 2009 IT-40 returns via the MeF platform during the 2009 tax season may become certified to file the 2009 IT-40 during the 2011 tax season.
- Only software products that were certified to file the 2010 IT-40, IT-40PNR or IT-40RNR during the 2010 tax season and who filed production 2010 IT-40, IT-40PNR or IT-40RNR returns via the MeF platform during the 2010 tax season will be certified to file the 2010 IT-40, IT-40PNR or IT-40RNR during the 2011 tax season.
- During the 2011 certification process, software developers must demonstrate their continuing ability to produce a valid 2009 IT-40 or 2010 IT-40, IT-40PNR or IT-40RNR tax filing in order to remain certified for transmitting those 2009 and 2010 returns during the 2011 tax season.

The Federal/State Electronic Filing Program

The Indiana Department of Revenue (Department) is accepting electronic tax returns as part of the Federal/State Electronic Filing program in conjunction with the Internal Revenue Service (IRS). Effective with Tax Year 2009, Indiana has been accepting Fed/State returns via both IRS platforms: Legacy EMS and Modernized e-File (MeF). After Tax Year 2011, however, the only platform that both IRS and the Department will support is MeF.

The state system relies on the IRS to initially receive the state's electronic data and store it until the Department retrieves it for processing. Since the state data goes through the IRS system first, the Indiana return must be filed at the same time as the federal return for the state data to be accepted. A State Only Return would be transmitted with a "dummy" Federal Form. (A "dummy" return consists of basically the header information; i.e. Name, Address and Social Security Numbers). Participants must be accepted into both the federal and state programs to send the electronic data. Participants must meet all federal requirements as published by the IRS, as well as the requirements for the Indiana electronic filing program as specified in this publication.

IRS Resources: e-Help desk assistors are ready to respond to Enrolled Agents, Reporting Agents, Electronic Return Originators, Certified Public Accountants, Software Developers, and Transmitters with non-account related questions and issues concerning e-products. The e-Help toll-free number is 1-866-255-0654. e-Help desk assistors support IRS e-file Individual and Business, EFTPS, CCR and e-services customers.

Note: Callers who are outside of the 50 U.S. States and/or U.S. Territories should use the International phone number: 1-512-416-7750.

Who Can Participate

There are three classifications of participants in the electronic filing program: Electronic Return Originators (ERO), Transmitters, and Software Developers. The ERO gathers forms from taxpayers and prepares them for electronic transmission using tax preparation software that has been approved by both the IRS and the Indiana Department of Revenue. They may be paid preparers who fill out the returns for the taxpayers or they may simply be drop-off points for the collection of completed returns which will be processed electronically.

Transmitters actually transmit electronic returns directly to the IRS Service Center using approved software. A company may be both an ERO and a Transmitter, or an ERO may have an arrangement with a Third-Party Transmitter to use their computer services.

Software Developers create and/or produce the tax preparation and transmission software which formats the electronic returns and allows the data to be transmitted via computers.

The Application and Acceptance Process

Because this is the Federal/State Electronic Filing Program, participants must meet the requirements of both the IRS and the State of Indiana to participate.

Anyone who registers with IRS e-services can create a new (or revised) application online to participate in IRS e-file. Individuals are encouraged to register with IRS e-services and create a new (or revised) IRS e-file application. If you are unable to register for e-services, you may complete and mail a paper Form 8633. The IRS also provides a support desk for Registered IRS e-Product Users at 1-866-255-0654.

Once you have been accepted into the federal electronic filing program, you are automatically accepted into the Indiana program. There are no additional applications needed. However, the Department reserves the right to deny participation in our program if your company is required to be registered to do business in the state, but is not, or if your company has any outstanding tax liabilities with the State of Indiana. If this is the case, you will be notified immediately.

A Special Note for All EROs, Transmitters and Software Developers

The software used to transmit the data must be approved by both the IRS and the Department as part of the acceptance process. Software Developers are required to test their software programs for accuracy. The Department will do additional testing of those programs prior to approving them.

Indiana always encourages electronic filing wherever possible and welcomes new partnerships with software developers wishing to support Indiana in this endeavor. We **strongly** encourage any software developer who has not previously partnered with Indiana under the Fed/State EMS platform to **not** attempt to develop and certify brand new software products under **both** the EMS and MeF platforms. We believe that such a monumental effort would prove to be an overwhelming and frustrating experience for both parties. Therefore, since the upcoming 2011 tax season is the final season for the Legacy EMS system, we encourage any new developers who want to move forward with the development of Indiana software products to limit their efforts to the new MeF platform.

It must be noted that Indiana will be accepting Individual Income Tax Fed/State returns from both the IRS' legacy platform (EMS) and the new Modernized e-File platform (MeF). If the Software Developer develops software for both platforms, test results generated from both platforms must be submitted to Indiana for approval. Specifications for developing software programs are explained in the IRS Publication 1346 (EMS), IRS Publication 4164 (MeF), Indiana Publication IND 1346 (EMS and MeF), the Handbook for Developers of Electronic Filing Software for Individual Income Tax Returns, and Indiana Publication IND 1347, Edit and Validations for Indiana Individual Income Tax, Tax Year 2011.

Participating software developers will be provided with test data and instructions to perform the Indiana testing. Indiana's testing procedures for legacy EMS will remain scenario based. Indiana's testing procedures for the MeF platform will be criteria based. Indiana Publication IND 1436, Instructions for Testing Electronic Filing Software for Individual Income Tax Returns, Tax Year 2011, contains all the necessary test materials for submitting Indiana test returns via either

the EMS or MeF platforms. Only software developers are required to test with the Indiana Department of Revenue. However, EROs and transmitters must be sure to use only tax preparation software or use a third party transmitter whose software has been approved for use by the Department. The Department's Tax Professionals web page (<https://secure.IN.gov/dor/3848.htm>) provides a link to a listing of Certified Software Developers.

All software developers must obtain approval from the Department for all Indiana forms printed by their software product. Certain forms are required to be produced by electronic filing software. Please contact the Forms Testing Coordinator at 317/615-2550 at the Indiana Department of Revenue to begin the forms approval process. Identify yourself as an E-File participant.

The Department reserves the right to suspend the approval of any software developer that fails to comply with the guidelines set forth in this publication, Indiana Publications IND 1346 and IND 1347, IRS Publication 1345 and Supplement (online only), IRS Publication 1346 and IRS Publication 4164.

Publications

The following publications provide assistance:

Federal Publications

IRS Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns

IRS Publication 3112, IRS *e-file* Application and Participation.

IRS Publication 1346, Electronic Return File Specifications and Record Layouts for Individual Tax Returns (Tax Year 2011) **Note:** This publication is primarily used by Software Developers developing under the EMS platform.

IRS Publication 4164, Modernized e-File (MeF) Guide for Software Developers and Transmitters (Tax Year 2011) **Note:** This publication is primarily used by Software Developers developing under the MeF platform.

State Publications

Indiana Publication IND 1345, Handbook for Electronic Return Originators and Transmitters of Individual Income Tax Returns, (Tax Year 2011)

Indiana Publication IND 1346, Handbook for Developers of Electronic Filing Software of Individual Income Tax Returns, (Tax Year 2011)

Indiana Publication IND 1347, Edit and Validations for Individual Income Tax Returns, (Tax Year 2011)

Indiana Publication IND 1436, Instructions for the Testing of Electronic Filing Software of Individual Income Tax Returns, (Tax Year 2011)

Please review both the federal and state publications on electronic filing if you have any questions.

NOTE: EROs and transmitters will primarily be interested in IRS Publications 1345 & the 1345 Supplement (online only) and State Publication IND 1345. Transmitters might also find useful information regarding MeF in IRS Publication 4164. IRS Publications 1346 and 4164 plus State Publications IND 1346, IND 1347 and IND 1436 are geared toward software developers.

Electronic Filing Coordinator

Tax practitioners, EROs and Transmitters who need assistance should contact:

Indiana Electronic Filing Coordinator

Phone: (317) 615-2550 Monday through Friday between 8:00 a.m. and 4:30 p.m. Voice mail is available after hours.

E-mail may be sent to AltFileMgr@dor.in.gov.

The Department's web site www.in.gov/dor, contains downloadable state forms and other information for tax practitioners and E-File program participants.

Also, contact the E-File Coordinator for information regarding state acknowledgment records.

Attention: Do not distribute the Electronic Filing Coordinator's telephone number to clients (the taxpayers). This number is being provided to EROs as a courtesy. Distributing this number to the public can cause delays in assisting the EROs it was established to help.

Questions concerning your Federal e-file Application or regarding the Federal e-file Program may be directed to the IRS e-Help Desk at 1-866-255-0654 (toll-free).

Questions about IRS e-file or e-services may be directed to the following IRS employee located in Indianapolis:

Internal Revenue Service
Attn: Joseph Newsom
Minton-Capehart Federal Building, Room 540
Stop 460
575 Pennsylvania Ave
Indianapolis, IN 46204-1563
Telephone: (317) 685-7549
Fax: (317) 685-7620
e-mail: Joseph.d.newsom@irs.gov

By electronically filing your individual income tax information you avoid much of the paper work associated with the filing process. Returns no longer have to be mailed, sorted, keypunched and key verified; they bypass those parts of the process.

The Filing Process

REVISION 2011 - What Can Be Electronically Transmitted

The only Indiana state tax forms that can be electronically transmitted are:

1. 2011 IT-40, Indiana Full Year Resident Individual Income Tax Return (EMS and MeF)
2. 2011 IT-40EZ (EMS and MeF)
3. 2011 IT-40PNR, Indiana Part –Year or Full- Year Nonresident (MeF only)
4. 2011 IT-40RNR, Reciprocal Nonresident Indiana (MeF only);
5. Prior Year for MEF, ONLY: See details under “Prior Year Filings”

With the following exclusions:

- a. Returns with a Power of Attorney currently in effect for the refund to be sent to a third party;
- b. Returns on which the number of exemptions and/or the filing status on the federal return does not match the state return. (Exception: The number of exemptions claimed on the federal 1040EZ may differ from the state return.); and
- c. For EMS; Returns containing more than:
 - Fifty (50) W-2’s
 - Thirty (30) W-2G’s, or
 - Twenty (20) 1099-R forms.
 - Fifty (50) 1099-G forms
 - Twenty (20) WH-18 forms

6. Schedule 1: Indiana Tax Add-Backs (Attachment to Form IT-40)
7. Schedule 2: Indiana Deductions (Attachment to Form IT-40)
8. Schedule 3: Indiana Exemptions (Attachment to Form IT-40)
9. Schedule 4: Indiana “Other” Taxes (Attachment to Form IT-40)
10. Schedule 5: Indiana Credits (Attachment to Form IT-40)
11. Schedule 6: Indiana Offset Credits (Attachment to Form IT-40)
12. Schedule 7: Indiana Additional Info (Attachment to Form IT-40)
13. Schedule A: Indiana Income or Loss (Attachment to Form IT-40PNR (MeF Only)
14. Schedule B: Indiana Tax Add-Backs (Attachment to Form IT-40PNR) (MeF Only)
15. Schedule C: Indiana Deductions (Attachment to Form IT-40PNR) (MeF Only)
16. Schedule D: Indiana Exemptions (Attachment to Form IT-40PNR) (MeF Only)
17. Schedule E: Indiana “Other” Taxes (Attachment to Form IT-40PNR) (MeF Only)
18. Schedule F: Indiana Credits (Attachment to Form IT-40PNR) (MeF Only)
19. Schedule G: Indiana Offset Credits (Attachment to Form IT-40PNR) (MeF Only)
20. Schedule H: Indiana Additional Info (Attachment to Form IT-40PNR) (MeF Only)
21. Schedule IN-529: CollegeChoice 529 Education Savings Plan Schedule
22. Schedule CT-40, County Tax Schedule for Full Year Indiana Residents;
23. Schedule CT-40EZ, County Tax Schedule for Indiana Residents (EMS Only);
24. Schedule CT-40PNR, County Tax Schedule for Part-Year or Full-Year Non-Residents (MeF Only);
25. IT-2210, Underpayment of Estimated Tax Schedule for Individuals,
26. CC-40 College Credit Schedule (MEF attachment, only)

- 27. IN-DEP, Indiana Dependent Schedule
- 28. Schedule IN-EIC, Indiana Earned Income Credit.
- 29. W-2's, W-2G's, 1099-R's, 1099-M's 1099-G's and WH-18's

No other forms can be electronically transmitted. Please see Publication IND 1346 for more detail.

What Cannot Be Electronically Transmitted

In addition to the types of IT-40 returns that are excluded, the following types of forms cannot be electronically transmitted.

1. Amended or corrected returns (IT-40X);
2. Prior year returns (IT-40P);
3. Any partnership or corporate returns; and
4. The SC-40, Unified Tax Credit for the Elderly.

Form IT-8879

An IT-8879, Declaration of Electronic Filing, must be ***completed and signed*** before transmission can take place. The purpose of the IT-8879 is three fold: it gives authorization for the ERO to file on the taxpayer's behalf, provides permission for direct deposit of the taxpayer's refund, and as authentication for the return.

It is necessary to complete an IT-40, IT-40PNR, IT-40RNR or IT-40EZ *before* filling out an IT-8879 because the information needed on the IT-8879 will be taken directly from that return. The IT-8879 should be printed for you by your tax preparation software.

If the Paid Preparer is different than the ERO, and is not available to sign the IT-8879, a copy of the return signed by the Paid Preparer must be kept by the ERO with the completed IT-8879.

The Practitioner PIN option must be used for State Only Returns.

Attachments to Form IT-8879.

1. State copies of wage and withholding tax statements.
2. Schedules, worksheets, or other verification requested on the IT-40 to explain any deductions and/or credits the taxpayer may have taken. These forms include, but are not limited to:
 - a. IT-2210A, Annualized Income Schedule for the Underpayment of Individual Estimated Tax
 - b. IT-2440, Disability Retirement Deduction;
 - c. IT-40NOL, Individual Net Operating Loss Schedule; and
 - d. Other State Tax Credit forms.
3. Any document requiring original signatures. Only if the primary paid preparer has NOT signed the IT-8879 should a copy of the IT-40 with the signature be attached.

NOTE: Please attach the W-2 forms on the front of the IT-8879 where indicated. All other forms or attachments should be attached to the back.

You may obtain copies of Form IT-8879 by visiting the Electronic Forms Area on the Indiana Software Developer's website.

REVISION 2011 - Forms, Schedules or Certificates

If you are electronically filing a return for a client who is claiming one of the following Deductions or Credits, you will need to provide to the taxpayer and retain a completed copy of the designated form, schedule, and/or certification letter that applies to that Deduction or Credit. **Do not mail these documents to the Department unless requested to do so;**

Deductions:

Indiana Form IT-40QEC

1. Airport Development Zone Employment Deduction (Code 600)
2. Enterprise Zone Employee Deduction (Code 603)

Schedule IN-PAT

3. Qualified Patents Income Exemption Deduction (Code 622)

Schedule IN-2058SP

4. Nonresident Military Spouse Earned Income Deduction (Code 625)

Credits:

Letter of Certification from Indiana Economic Development Corporation (previously Indiana Department of Commerce) and the Indiana K-1

1. Economic Development for Growing Economy (EDGE) Credit

Offset Credits:

Indiana Schedule EZ

1. Airport development Zone Employment Expense Credit (Code 800)
2. Enterprise Zone Employment Expense Credit (Code 812)

Indiana Schedule LIC

3. Airport development Zone Loan Interest Credit (Code 802)
4. Enterprise Zone Loan Interest Credit (Code 814)

Indiana Form IT-20 REC

5. Indiana Research Expense Credit (Code 822)

Indiana Form IDA 20

6. Individual Development Account Credit (823)

Indiana Form NC-20

7. Neighborhood Assistance Credit (Code 828)

Letter of Certification from Indiana Economic Development Corporation (previously Indiana Department of Commerce) and the Indiana K-1

8. Airport Development Zone Investment Cost Credit (Code 801)
9. Enterprise Zone Investment Cost Credit (Code 813)
10. Blended Biodiesel Credit (Code 803)
11. Coal Combustion product Credit (805)
12. Venture Capital Investment Credit (Code 835)

Indiana Schedule IN-SSC

13. School Scholarship Credit (Code 849)

Forms, schedules and/or letters, other than an IN-529, with more than eight accounts listed, should only be sent to the Department upon request.

If you have any questions concerning filling out the Form IT-8879, please direct them to the Indiana Electronic Filing Help Desk **prior** to transmitting the taxpayer's information.

The Transmission Process

The data for the Indiana return must be transmitted to the Internal Revenue Service Center along with the federal return information. The Service Center simply receives and stores the Indiana information for the Department to retrieve from them. Under no circumstances will the IRS alter the information on the state return.

IRS Acknowledgments

If the data meets the specifications and the transmission is accepted by the IRS, the transmitter will receive an acknowledgment that the transmission is complete. The IRS will acknowledge acceptance of the federal data and receipt of the state data packet. The IRS acknowledgment does **not** constitute acceptance (or rejection) of the Indiana data.

If the data does not meet the IRS specifications, the entire packet (both the federal and state returns) will be rejected and an error code will be generated by the IRS. If an error code is generated, the Filing Season Supplement to the IRS Publication 1345 should be referenced.

Indiana State Acknowledgments

Indiana will use the IRS EMS Acknowledgment System to acknowledge receipt of the state data record transmitted via EMS by providing an (A)ccptance or a (R)ject code back to the authorized Transmitter. If rejected, a four digit error code will indicate why the return was not accepted. State Acknowledgments will normally post within 24 to 48 hours after the Transmitter has received the Federal Acknowledgments (exceptions: Weekends and Holidays) if the electronic filing was transmitted via the EMS platform.

Indiana will use the IRS MeF Acknowledgment Schema to acknowledge receipt of the state data record transmitted via MeF. Specific error codes will indicate why the return was not accepted. Where appropriate, the schema path of the problem element will be identified. State Acknowledgments will normally post within 2 – 4 hours after the Transmitter has received the Federal Acknowledgments (exceptions: Weekends and Holidays) if the electronic filing was transmitted via the MeF platform.

The State Acknowledgments will be addressed back to the Transmitter who sent the data. It is the Transmitter's responsibility to retrieve the acknowledgment and inform the ERO or taxpayer that the return has been either accepted or rejected.

In order to continue to participate in the Indiana Electronic Filing Program, all Transmitters are required to connect to the IRS at least once each day in order to retrieve any state acknowledgments. The Department has the right to suspend any Transmitter from Indiana's portion of the Federal/State Electronic Filing Program who fails to follow these guidelines.

You may access the EMS Acknowledgment Record Layouts and MeF Acknowledgment Schema from the links on our Publication IND1345 webpage.

REVISION 2011 - Indiana Reject Error Codes

EMS

Indiana's EMS Reject Codes identify the source of the problem using a system of error reject codes and form field numbers (sequence numbers). The error reject codes tell why the return rejected and the form field numbers tell which fields of the electronic return data are involved.

EMS submitters should note that additional Departmental validations may uncover errors when the Indiana return enters the Department's Returns Processing System (RPS). Types of these errors can include (but are not limited to) Computation Errors, Social Security-Name Mismatch, and Duplicate Social Security Numbers.

The Transmitter will not be notified of these types of error conditions when they occur on returns submitted via EMS. However, the ERO may be contacted to verify or qualify the data being processed. It should also be noted that these types of errors will slow down the process of the electronic return and any subsequent refund.

MeF

It is important to note that, due to the increased flexibility afforded by XML, computation errors and duplicate return issues will be reason for reject and Transmitters will be notified of such error conditions. Therefore, a much more comprehensive list of Reject Codes is available for electronic returns that were transmitted via the MeF platform.

You may access the EMS Indiana Reject Error Codes and the MeF Indiana Reject Error Codes from the links on our Publication IND1345 webpage.

Whom to Contact

Only questions dealing specifically with electronic filing software development should be directed to: Indiana Department of Revenue, Attn: Alternative Filing Help Desk, 100 N. Senate Avenue, IGCN MS#109, Indianapolis, IN 46204. Voice: (317) 232-0059. Fax: (317) 233-1455. Email address: AltFileHelpDesk@dor.in.gov.

All other inquiries should be made to the Electronic Filing Coordinator at AltFileMgr@dor.in.gov or by phone at (317) 615-2550. **DO NOT DISTRIBUTE THIS TELEPHONE NUMBER TO YOUR CLIENTS.** This number is operational Monday through Friday between 8:00 a.m. and 4:30 p.m. Twenty-four hour voice mail is available.

REVISION 2011 - Paper Documents

ONLY THE FOLLOWING DOCUMENT IS TO BE MAILED TO THE INDIANA DEPARTMENT OF REVENUE IF FILING VIA EMS:

1. **Schedule IN-529:** If the taxpayer is filing electronically via EMS and has more than eight (8) qualifying Indiana CollegeChoice 529 Savings Plans that are to be reported, the first eight will be keyed and transmitted with the electronic return. The taxpayer or preparer will mail Schedule(s) IN-529 for accounts that exceed the original eight being transmitted. These should be mailed to the Indiana Department of Revenue; Tax Administration - IND Processing Section; 100 N Senate Ave; Indianapolis, IN 46204-2253. When filing via MEF, there is no limit to number that may be filed.

THE FOLLOWING DOCUMENTS ARE NOT MAILED TO THE INDIANA DEPARTMENT OF REVENUE BUT MUST BE MAINTAINED. Upon receipt of the Indiana acknowledgment, the ERO **must** keep and maintain the following information until December 31, three years after the return was signed and transmitted. (Example: 2011 return filed April 15, 2012: IT-8879 with attachments will be kept by the ERO until December 31, 2015.) Each of the following must be kept by the ERO:

1. Original IT-8879, Declaration of Electronic Filing w/original signatures;
2. State copies of W-2s, W-2Gs, 1099-Rs, 1099-MISCs, 1099-Gs, and other forms that show Indiana individual income tax withholding;
3. All documents requiring original, manual signatures;
4. Any supporting schedules or worksheets that explain deductions or credits taken on the IT-40 as they apply to the taxpayer; and
5. A copy of the IT-40 with the signature and business information of the primary paid preparer only if they did not sign the IT-8879.

NOTE: Please attach the W-2 forms on the front of the IT-8879 where indicated. All other forms

or attachments should be attached to the back.

The Department may request copies of this information from the ERO on an as needed basis. The Department, in return, will make every effort to review the records on hand before contacting the ERO for copies. However, the ultimate responsibility of record keeping falls to the taxpayer per IC 6-8.1-5-4(b).

At the Department's discretion, random monitoring visits with EROs are possible in order to verify that they are complying with this procedure. Should an ERO decide to no longer remain in the business, the Department must be notified in order to determine what will be done with the signature documents and attachments.

If the ERO is a transient VITA or military site, special arrangements can be made for storage of the paper documents. Contact the Electronic Filing Coordinator to make arrangements. Contact may be made via e-mail at AltFileMgr@dor.in.gov or telephone at (317) 615-2550. (**Do not** give this telephone number to the taxpayer.)

Corrections to Form IT-8879

If the Electronic Return Originator (ERO) makes changes to the electronic return after the taxpayer has signed Form IT-8879, but before the data has been transmitted to the IRS, the ERO must have the taxpayer complete a new IT-8879 if:

1. The Federal Adjusted Gross Income (Form IT-40, Line 1) changes by more than \$50; and/or
2. The State Refund (Form IT-40, Line 16) changes by more than \$14.

Non-substantive changes are permissible on Form IT-8879 provided they meet the above conditions and are limited to: 1) arithmetic errors, 2) transposition errors, 3) misplaced entries, and 4) spelling errors.

The ERO making the correction must initial any changes. If errors are found after the data has been transmitted and accepted, an IT-40X, Amended Return, must be mailed in for processing because amended forms are not accepted electronically. Amended forms should be mailed to:

Indiana Department of Revenue
100 N Senate Ave.
Indianapolis, Indiana 46204-2253

NOTE: A State Only Return "SO" **can not** be used as a means for correcting or amending a previously filed return that was accepted by Indiana.

REVISION 2011 - Due Date

Transmission of electronic returns must be acknowledged by the IRS on or before April 17, 2012, to be considered timely. Indiana uses the date of IRS acknowledgment as the filing date of the state return.

REVISION 2011 - Extended Filing

Indiana will accept late returns electronically through November 17, 2012. However, as with paper returns, a paper Form IT-9, Extension for Tax Year 2011 or an IT-9 extension via the IN-ePay system must be submitted to the Department on or before April 17, 2012, to avoid penalty and interest. Effective Tax Year 2009, this requirement applies to all filings reporting a taxable income, even if a refund is due.

Taxpayer Copies

After all necessary signatures have been obtained; the taxpayers must receive a copy of each form that applies to them.

The taxpayers should receive copies of: their IT-8879, their IT-40, IT-40PNR, IT-40RNR or IT-40EZ, and all their supporting schedules. The originals will be kept by the ERO.

If the taxpayer has taxes due to the department, an official Post Filing Coupon (PFC) should be generated by the software and given to the taxpayer.

REVISION 2011 - Other Situations

REVISION 2011 -Credit Limits

Some Indiana credits have annual limits, set by the Indiana General Assembly, regarding how much credit may be granted to taxpayers during a given tax year. Taxpayers will be granted the credit until the maximum annual limit is reached for that tax year. From that point on, that credit will be denied on any return filed for that tax year that attempts to claim that credit. Once a credit reaches its maximum annual limit for a specific tax year, the Department will post that information on the Software Developer's Website and will issue notices to all developers and transmitters who subscribe to our notification service. Unfortunately, there is no way for a taxpayer to know, when filing a return, if the credit will have exceeded its annual limit by the time the tax return is processed by the Department of Revenue. Obviously, the later in the filing season that the return is processed, the higher the likelihood that a limited credit will be denied. The denial of a credit will have the effect of reducing the taxpayer's expected refund or increasing the amount owed. The taxpayer will be notified by letter if any credit on his return was denied due to legislative limits.

The following is a list of the Indiana credits which have legislative limits and the amount of that limit. It should be noted that many of these credits have never actually reached the limits set by

the Indiana Legislature; however, there is always the potential that it could happen during any given tax year. It should also be noted that the Indiana General Assembly sometimes adjusts the limits from one tax year to the next. For example, the limit for Credit 849 was \$2,500,000 for Tax Year 2010, but it has been increased to \$5,000,000 for Tax Year 2011.

<i>Code</i>	<i>Credit Description</i>	<i>Limit Per Tax Year</i>
803	Blended Biodiesel *	\$3,000,000
805	Coal Combustion Tax Credit	\$2,000,000
815	Ethanol Production Credit *	\$20,000,000
819	Historic Building Rehabilitation Credit	\$450,000
823	Individual Development Account Tax Credit	\$200,000
825	Maternity Home Credit	\$500,000
828	Neighborhood Assistance Credit	\$2,500,000
831	Residential Historic Rehabilitation Credit	\$250,000
832	Indiana Riverboat Building Credit	\$1,000,000
833	Teacher Summer Employment Credit	\$500,000
835	Venture Capital Tax Credit	\$12,500,000
836	Voluntary Remediation Credit	\$2,000,000
847	Media Production Tax Credit	\$2,500,000
849	School Scholarship Tax Credit	\$5,000,000

* These credits' limits are not annual limit. They are an "overall" limit. These credits will expire at whatever point the total credit amount allocated to them has been claimed.

Refund Delays

Refund checks will generally be processed, mailed and in the taxpayer's possession within three weeks of the Department's acknowledgment. However, if a delay does occur, taxpayers are advised to wait four weeks from the date of transmission before contacting the Department to inquire about the status of a refund check.

Taxpayers may inquire about the status of their state refund by calling the Department's Automated Refund Line at (317) 233-4018 or by accessing the Department's Web page at [https://secure.in.gov/apps/dor/tax/refund/..](https://secure.in.gov/apps/dor/tax/refund/) With either process, the taxpayer needs to be prepared to provide their Social Security Number, the Tax Year (not date filed), and the Refund Amount claimed on the return.

Do not give your clients the E-File Coordinator's number to inquire about their refunds. That number was established to expedite assistance to EROs. Additional calls on this line can cause delays in assisting the EROs it was established to help.

Refund amounts may be offset by any outstanding liabilities due to the Department, another state agency, or the IRS for any reason. These outstanding liabilities may delay processing of a

taxpayer's refund because all claims against that refund must be resolved before a refund check can be processed. This is the same procedure the Department follows with paper returns.

Refund Anticipation Loans (RAL)

Refund Anticipation Loans are not offered by the Department. Taxpayers must wait until their returns are processed to receive any refunds due to them. If the ERO enters into an RAL agreement with the taxpayer, it is the responsibility of the ERO to explain exactly, "how the taxpayer may expect to receive their refund". The ERO should not expect special treatment from the Department on any RAL agreement that they have entered into with the taxpayer.

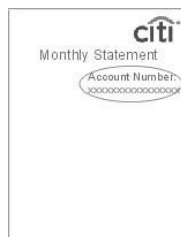
Direct Deposit

Indiana taxpayers can elect to have their 2011 Indiana refund direct deposited into their Checking, Savings or Hoosier Works accounts. Refunds will only be direct deposited if Sections II & III of the IT-8879 have been completed and signed by the taxpayer. The ERO must ensure that the IT-8879 has been properly completed and signed by the taxpayer. *The department cannot make any changes to this information after the return is filed.*

Taxpayers may have their refund direct deposited into their Hoosier Works MasterCard account. If a client is eligible and wishes to deposit their refund into their Hoosier Works MC account, simply place the taxpayer's 12 digit Hoosier Works account number from their monthly statement in the "Account Number" area. Enter "021031207" in the "Routing Transit Number" area. Check the Hoosier Works MC box:

(Type of Account: Checking Savings Hoosier Works MC)

NOTE: Do not use the 16 digit MasterCard Number. Use the taxpayer's 12 digit Hoosier Works account number from their monthly statement in the "Account Number" area.



The taxpayer may elect to have their 2011 overpayment:

- a. applied to the Indiana Nongame Wildlife Fund
- b. applied to their 2012 estimated tax;
- c. issued in the form of a check;
- d. directly deposited into their financial institution; or
- e. the taxpayer may elect to have their refund split in the following manner:
 - i.) part applied to the Indiana Nongame Wildlife Fund, and the remainder refunded by check or by Direct Deposit; or

ii.) part applied to their 2012 estimated tax account and the remainder refunded by check or by Direct Deposit.

Neither the Indiana Department of Revenue nor the Financial Management Service (FMS) is responsible for the misapplication of a Direct Deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, ERO, Transmitter, Software Developer, financial institution or any of their agents.

Special Note about Direct Deposit: It is important to note that the Indiana State Auditor's Office uses M&I Bank to perform direct deposit functions. When your client is checking to see if a refund has been direct deposited into their account, please tell them that it may appear under either Indiana Department of Revenue OR M&I Bank. It may also appear as a "credit" rather than a "deposit." Finally, we recommend the taxpayer talk directly with the ACH section in the accounting department of their financial institution about transactions of this sort; normally tellers only have access to information about transactions made within the previous two-week period. Direct Deposit refund requests that are rejected by the taxpayer's financial institution will be mailed in the form of a paper check, to the address supplied on the return. This process can delay the taxpayers refund up to 5 weeks.

Paper refunds will be mailed directly to the taxpayer. Refunds needing to be sent to any other person or address (i.e. Power of Attorney) cannot be transmitted electronically.

Balance Due Returns

All electronic filers who owe tax will need to submit their payment to the Department along with a Post Filing Coupon which indicates where the payment needs to be applied. Taxpayers must submit payment prior to the due date to avoid additional penalty and interest.

Entries on the IT-40, requesting allocation to 2012 estimated payments, will be disallowed when the taxpayer is currently in a balance due status. If the taxpayer is in a balance due status and wishes to make a 1st quarter 2012 estimated tax payment, the taxpayer must use Form IT-40ES or Form ES-40.

The issuance of the Post Filing Coupon (PFC) will be the responsibility of the ERO. The Department will not issue a PFC to the taxpayer. The ERO assumes the responsibility of issuing the PFC and explaining to the taxpayer when and how to file the PFC.

If not paid by the April 17, 2012, payment deadline, as with all late balance due returns, penalty and interest will be assessed. There are three options available.

1. Payment, including penalty and interest, may be made in the form of a check or money order; contact the Practitioner's Hot Line at (317) 233-4017 to determine the amount of penalty and interest due. If the PFC is being submitted with the payment after the due date, penalty and interest should be included with the "Amount You Owe" in the designated box on the PFC.
2. Payment, including penalty and interest may be made using the Indiana IN-ePay

method. See other payment options below for credit card and electronic echeck.

3. The Department will send a *Demand Notice for Tax Due* billing to the address shown on the electronically filed tax return.

Other Payment Options

Credit Card Payments

The taxpayer may make a payment with a major credit card by either calling 1-800-2PAYTAX (1-800-272-9829), toll-free, or by logging on to our web site at www.in.gov/dor/epay. The major credit cards that are accepted are Discover, MasterCard, or VISA.

Electronic Check Payments “IN-ePay”

Electronic check option allows the taxpayer to make payment by having the payment debited directly from their checking account. To take advantage of this payment option, the taxpayer will sign onto our web site at www.in.gov/dor/epay and follow the instructions provided. Unlike the electronic withdraw option provided by the IRS, the taxpayer cannot delay the debit to a future date. *Indiana’s Electronic Check Payments are made immediately.*

Responsibilities of EROs and Transmitters

Electronic Return Originators and Transmitters must abide by the terms set forth in this publication, the IRS Publication 1345, Publication 4164 & Supplements and must maintain a high degree of integrity, compliance, and accuracy in order to continue to participate in the Federal/State Electronic Filing Program.

Transmitters must ensure that electronic returns are filed in a timely manner. The date of IRS acknowledgment will be considered the post mark date for electronically transmitted Indiana returns. Transmitters must get state acknowledgments to EROs on a timely basis.

EROs must ensure that the DCN or Submission ID is clearly and completely written or printed in the upper right-hand corner of the IT-8879 in the space provided. W-2, W-2G and 1099 forms must be attached to the front of the IT-8879. All other documentation must be attached to the back of the IT-8879.

EROs must keep and maintain the original signed IT-8879 for a period of three (3) years from December 31 of the year in which the document was signed and electronically transmitted.

It’s the Transmitter’s responsibility to confirm acknowledgment of the return by the Department before considering the state portion received. When making an inquiry on the status of an electronically filed return, please have the state acknowledgment date available.

If the taxpayer elects to designate a Personal Representative to discuss their tax return with the Department of Revenue, the ERO must inform the taxpayer how they may revoke the

authorization with the Department to discuss their tax return with the Personal Representative.

The Department reserves the right to suspend any Transmitter or ERO from the program if they do not follow the guidelines set forth in this or any other federal or state publication concerning the Electronic Filing Program.

Checklist

Did You Remember To...?

- 1. Double check to see if forms needed are transmittable.
- 2. Complete the IT-40, IT-40PNR, IT-40RNR or IT-40EZ. (IRS 1040 or 1040EZ must be completed first when submitting a federal return.)
- 3. Enter figures from IT-40, IT-40PNR, IT-40RNR or IT-40EZ on the IT-8879, if appropriate.
- 4. Enter the IRS EMS DCN or the IRS SubmissionID on the IT-8879. All 14 digits of the DCN or all 20 digits of the SubmissionID must be present and legible.
- 5. Use only whole dollar amounts.
- 6. Make sure that the name(s) and social security number(s) are printed correctly on the IT-8879 (Do Not Mail in the IT-8879).
- 7. Attach all state copies of W-2s, W-2Gs, 1099s (if claiming withholding credit or if unemployment compensation is shown) and supporting schedules to the IT-8879.
- 8. Have the taxpayer sign all documents requiring original signatures.
- 9. Obtain the signature of the primary preparer. If it was someone other than the ERO either have them sign the IT-8879 or attach a copy of the tax return they completed with their signature and business information.
- 10. If a Balance Due Return, explain how to file the Post Filing Coupon (PFC) or explain to your client the options to pay by credit card or electronic check using our IN-ePay System.
- 11. Electronically transmit state and federal information at the same time when submitting a federal return.
- 12. Give the taxpayer copies of all forms that apply to them.
- 13. Verify IRS acknowledgment.
- 14. Verify the state's acknowledgment once you have received it from your Transmitter.
- 15. State only: The Self-Select PIN option is not available for State Only Returns.
- 16. Reminder: Please write your self-assigned PIN number down and keep it in a safe place.
- 17. The ERO must keep and maintain the original IT-8879 and attachments for 3 Years.

Telephone Assistance For Indiana Tax Practitioners:

Automated Refund Line	(317) 233-4018
Individual Income Tax Information	(317) 232-2240
Sales Tax Information	(317) 233-4015
Withholding Tax Information	(317) 233-4016
Corporate Tax Information	(317) 232-0129
Collection/Liability Inquiries	(317) 232-2165
Motor Carrier	(317) 615-7200

District Office Locations:

Indianapolis Main Office

Indiana Government Center North
100 N. Senate Avenue, Room N105
Indianapolis, IN 46204
(317) 232-2240

Bloomington

410 Landmark Avenue
Bloomington, IN 47403
(812) 339-1119

Clarksville

Physical Location

1446 Horn Street
Clarksville, IN 47129

Mailing Address

P.O. Box 3249
Clarksville, IN 47131-3249
(812) 282-7729

Columbus

3520 Two Mile House Rd.
Columbus, IN 47201
(812) 376-3049

Evansville

500 S. Green River Rd.
Goodwill Building, Suite 202
Evansville, IN 47715
(812) 479-9261

Fort Wayne

1415 Magnavox Way, Suite 100
Fort Wayne, IN 46804
(260) 436-5663

Kokomo

117 E. Superior St.
Kokomo, IN 46901
(765) 457-0525

Lafayette

100 Executive Dr., Suite B
Lafayette, IN 47905
(765) 448-6626

Merrillville

1411 E. 85th Avenue
Merrillville, IN 46410
(219) 769-4267

Muncie

3640 N. Briarwood Lane, Suite 5
Muncie, IN 47304
(765) 289-6196

South Bend

1025 Widener Lane, Suite B
South Bend, IN 46614
(574) 291-8270

Terre Haute

30 N. 8th St., 3rd Floor
Terre Haute, IN 47807
(812) 235-6046