

**Publication IND 1346**

*Updated: September 2016*

# **Handbook for Developers Of Electronic Filing Software for Individual Income Tax Returns**

*Tax Year 2016*



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## Publication Format

The format of this publication is designed in an effort to consolidate the documentation and make it easier to review. 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.

It is our hope that this will let you review the publication in more of a summary format, with some of the detailed contents in separate documents. This will also allow you to print or save off only the additional section(s) that you need for quick review. (For instance, the publication will refer you to the Administrative Highlights document, but the link to the Administrative Highlights will be a separate link on the same page where you accessed this publication document).

The tag **REVISION 2016** – directs the reader to the general location of changes on the referenced page.

**NEW FOR 2016** – directs the reader to the general location of new information on the referenced page.

Pay close attention to these sections.

## Subscribe for Email Updates

The department strongly recommends that all software developers subscribe to our website in order to automatically receive email notifications whenever updates to our publications are posted. If you do not already subscribe, click on the subscription link on our Bulletins for Software Developers webpage.

### Bulletins for Software Developers



## Indiana Forms and Schedules

Refer to the [Electronic Forms](#) area on Indiana's Software Developer webpage.

## Instructions for Producing 1-D Barcode on Paper Submissions

Refer to the appropriate link on the Publication IND 1346 Webpage.

## Reject Codes

Refer to the Publication IND 1346 webpage for link to:

- MeF Indiana Reject Codes

## **Layouts/Forms/Schemas**

Refer to the Publication IND 1346 webpage for link to:

- MeF Indiana Schema

## **Post Filing Coupons**

Refer to the appropriate link on the Publication IND 1346 Webpage.

## **Software Developer's Agreement**

Refer to the appropriate link on the Publication IND 1346 Webpage.

## **REVISION 2016 Re-register all Products for 2016 Software Development**

All software developers should visit the Indiana Department of Revenue Software Developers' Corner webpage in order to re-register each of their products for the 2017 filing season. The URL to the Software Developer's Corner is <http://www.in.gov/dor/3842.htm>

Click on the Software Developer Registration link to update your registration information. Also, update the contact information for each of your products so that we can provide feedback to the appropriate individuals within your organization.

## **Introduction**

This publication should provide all the information needed by software developers for participation in the Indiana Electronic Filing program. It includes information pertaining to the development, testing, and certification of software packages.

The Indiana individual income tax return is electronically filed as part of the Federal/State Electronic Filing and Federal/State Online Filing programs. This publication does not attempt to describe the requirements and procedures of the federal program as issued by the IRS. Refer to IRS publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns and IRS publication 1346, Electronic Return File Specifications, and Record Layouts for Individual Income Tax Returns, for details of the federal program. All IRS requirements and procedures must be adhered to in developing the Indiana return.

Information regarding the operational aspects of the Indiana Electronic Filing program can be found in publication IND 1345, Indiana Department of Revenue Handbook for Electronic Return Originators and Transmitters of Individual Income Tax Returns. Edits and validations to be included by software developers in their software programs are detailed in publication IND 1347 (Individual), Edits and Instructions for Indiana Individual Income Tax Returns.

## **Modernized e-File (MeF)**

Software development requirements are detailed within Publication 1346. The validation rules are described in Publication 1347. Publication 1436 contains testing requirements.

## **Participation in Indiana Electronic Filing Program**

To participate in the Indiana Electronic Filing program, a software developer must be accepted into the federal program. Contact the IRS for federal form 8633 if you have not already applied.

There is no Indiana equivalent to the federal form 8633. However, the company must register as a software developer and let us know who the technical contact is at your organization. To participate as a software developer in the Indiana Electronic Filing program, you must work with the department to develop and test your software.

Indiana does accept State Only (Unlinked) returns for tax filings which cannot include the federal filing, but prefers that filings be linked whenever possible. Unlinked returns are more likely to experience processing delays in our back-end system. Amended returns will not be accepted via electronic filing.

The return must be submitted as an unlinked return to signify that it is a true State Only Indiana return. Any return that has the completed federal return being electronically filed with the Indiana return must be filed as a linked return. Any software company attempting to electronically file all Indiana returns as unlinked could be subject to being eliminated from the Indiana program.

Indiana utilizes an imaging system to record submitted paper tax filings. If the users of your software opt to print and mail their tax filings, your software must include a 1D-barcode, which identifies each tax return and schedule that is scanned by the imaging system. Instructions for producing this barcode may be accessed at the following URL:

<https://secure.in.gov/dor/software/proofs/3999.htm>. The department will not approve your

software's tax forms if the barcode is not present and correctly formatted on the forms you submit for approval.

Indiana has a comprehensive testing and certification process for software that generates paper forms that could potentially be processed by our imaging system. Please refer to the "Certification by Indiana" section of this publication for additional information including contact information for Indiana's forms testing coordinator.

## **Additional Publication Documents**

The following publication provides assistance:

### *Administrative Highlights*

## **PDF Attachments**

At this time Indiana is not accepting PDF attachments.

## **REVISION 2016 Prior Year Filings**

Prior year 2014 and 2015 IND tax returns may be filed via the MeF platform with the following restrictions:

- Only software products that were certified to file the 2014 IT-40, IT-40EZ, IT-40PNR or IT-40RNR during the 2014 tax season may file the 2014 returns during the 2016 tax season.
- Only software products that were certified to file the 2015 IT-40, IT-40EZ, IT-40PNR, or IT-40RNR during the 2015 tax season may file the 2015 IT-40, IT-40EZ, IT-40PNR, or IT-40RNR during the 2016 tax season.

## **Trusted Customer Authentication**

Please refer to the *Trusted Customer Authentication* link on the Publication IND 1346 Webpage.

## **Authentication Header**

The Authentication Header was created in an effort to combat tax fraud. While we realize some of this information will not always be available, we do expect software developers to provide this information whenever possible. Software products that consistently fail to provide this new data will be subject to additional scrutiny. Returns will not be rejected if this information is not provided, but providing the information could help process the returns more quickly.

## **MeF Electronic Postmark**

Much discussion has occurred between states and software developers regarding the IRS' decision to make the electronic postmark an optional element in the schema. The postmark date Indiana will recognize for all MeF filed returns is the ReturnHeaderState/Timestamp element. Indiana expects this element to contain the date and time of the tax return's transmission to the IRS.

## **Rental Address and Property Tax Address Data Capture**

Indiana Schedule 2 (IT-40) and Indiana Schedule C (IT-40PNR) capture the rental address and the landlord's name and address for the Renter's Deduction (Line 1) and the address where property tax was paid for the Property Tax Deduction (Line 2). This information is captured in one long string on the paper returns; however, Indiana's schema requires that this data be transmitted in separate elements.

Software developers are cautioned to capture that data in separate fields so that it can be correctly transmitted in the XML schema. The software can then concatenate the name and address elements together to print them in the provided area of the paper copy of the return.

## **Code/Amount Method for Add-backs, Deductions, and Credits**

Rather than waste the valuable real estate on Indiana's tax forms with specific fields to record even the most infrequently claimed deductions and credits, Indiana has utilized a "fill in the blank" code method. Each credit and deduction permitted by Indiana law is assigned a 3-character code (four of the offset credits may also utilize a 4-digit code number). The frequently claimed credits and deductions still have a specific line defined for them on the tax return. If the taxpayer wishes to claim a deduction or credit that does not specifically have a line on the tax return, the taxpayer enters the code that identifies that deduction or credit and the associated amount of the deduction or credit in the "fill in the blank" generic deduction or credit fields.

Although certain add-backs, deductions, and credits may have specific lines defined for them on their respective schedules, they do not have a specific field defined. The software developer is responsible for determining the correct code to be associated with each claimed tax add-back, deduction, and credit. The codes are available for download via a link on the Publication IND 1346 webpage.

The MeF filing platform will support as many tax add-backs, deductions, and credits as the taxpayer can legally claim.

## **What is the Self-Select PIN Method?**

The Self-Select PIN method is an option for taxpayers to use when signing their Indiana electronic tax return. The PIN is any combination of five numbers (except ALL zeros) the taxpayer chooses to enter as their electronic signature. A PIN is needed for each taxpayer if filing a joint return and each can choose any five numbers. If the taxpayer is filing through an Electronic Return Originator (ERO), the taxpayer date of birth and prior year adjusted gross income (AGI) from the original return must also be entered for authentication. It eliminates the requirement for a signature and the hard copy retention of the Form 8879, IRS e-file Signature Authorization for an IRS e-file return, in most cases, making e-filing returns truly paperless for most taxpayers.

**Note:** Indiana follows the federal IRS guidelines for use of the Self-Select PIN method. The following requirements are a subset of those requirements. Please see federal IRS Publication 1346 for a complete listing of the Self-Select PIN requirements.

**Note:** Self-Select PIN cannot be used for state only filers. Only the practitioner PIN can be used for state only filers.

## **Taxpayer Eligibility Requirements for the Self-Select PIN Method**

The following taxpayers are eligible to use this option:

- Taxpayers who filed Form 1040, 1040A, or 1040EZ for Tax Year 2015.
- Taxpayers who filed Form 1040 PR for TY 2015, who are eligible to file Form 1040 for Tax Year 2016.
- Taxpayers who did not file for Tax Year 2015, but have filed previously.
- Taxpayers who are 16 or older on or before December 31, 2016, and have never filed a tax return.
- Taxpayers under age 16, filing as Primary Taxpayers, and have filed previously.
- Taxpayers under age 16, filing as Secondary Taxpayers (spouse), and filed in the immediate prior year.
- Military personnel residing overseas with APO/FPO addresses.
- Those who are filing on behalf of deceased taxpayers.
- Taxpayers whose returns require the following forms W-2, W-2G, 1099-R, 1099-MISC, 1099-G.

The following taxpayers are NOT eligible to participate:

- Primary taxpayers under age 16 who have never filed
- Secondary taxpayers under age 16 who did not file in the immediate prior year.
- Taxpayers who filed forms 1040-NR or 1040-SS for Tax Year 2015.

### **REVISION 2016 Schedule for Software Developers**

#### ***September 2016***

Publication IND 1345, Handbook for Electronic Returns Originators and Transmitters of Individual Income Tax Returns, will be made available to download from the DOR website for Indiana tax practitioners.

#### ***September 2016***

Publication IND 1346, Handbook for Developers of Electronic Filing Software will be made available for download within the password protected Developers Corner of the DOR website.

#### ***September 2016***

Publication IND 1347, Edits and Validations for Individual Income Tax Returns will be made available for download within the password protected Developers Corner of the DOR website.

#### ***September 2016***

Publication IND 1436, Instructions for the Testing of Electronic Filing Software of Individual Income Tax Returns will be made available for download within the password protected Developers Corner of the DOR website.

### ***October 2016***

The last business day in October is the cut-off for submission of signed software developer agreement in order to test Indiana individual MeF software.

### ***November 3, 2016***

Indiana's ATS testing program for MeF begins. This is the timeframe that MeF Indiana test returns will be retrieved from the IRS for verification by the Indiana Department of Revenue.

**Remember:** No company may advertise their product as being acceptable for electronically filing tax year 2016 Indiana individual income tax returns until they have been certified by the department. Once a developer has passed the Indiana testing process, they will be advised in writing that they have been certified and they may then advertise and sell their product as such.

### ***January 15, 2017***

First date to transmit and receive live MEF electronic returns, both federal and Indiana.

### ***January 22, 2017***

Cutoff date to establish ATS testing with the department for fed/state electronic filing for the 2016 tax season. Exceptions may be made based on department resource availability for test support.

### ***February 22, 2017***

Deadline for all software products to become certified for Tax Year 2016 Indiana filings.

### ***April 18, 2017***

Last date for transmitting timely Indiana returns via the fed/state platform. After this date, returns filed with additional tax due will be subject to penalty and interest unless an Indiana or federal extension is filed.

## **Software Development Phase**

The Software Development phase will begin with the receipt of these specifications. The department will work closely with the developers to clarify any questions or concerns they have regarding these specifications and the operation of the Indiana Electronic Filing Program. Any Software Developer who is developing under MeF platforms must submit test returns (electronically filed and generated paper forms) to Indiana. Please do not hesitate to contact us with any questions. Open and frequent communication is the best way to insure a quality product.

## **Software Testing Phase**

Details of the testing process for MeF, including test return data, will be included in Publication IND 1436.

## **REVISION 2016 Certification by Indiana**

Only software packages certified by the Indiana Department of Revenue may be used to create and transmit Indiana returns. No company may advertise that a software package can be used for electronically filing Indiana returns until that company has received written notice from the department stating that their software has been certified for the current tax year.

For a software package to be certified for use in electronically filing Indiana returns, the following criteria must be met:

- A Software Partner Agreement must have been completed fully for the product, signed and emailed to [AltFileMgr@dor.IN.gov](mailto:AltFileMgr@dor.IN.gov) by the due date.
- Indiana DOR Security Team must be able to confirm the software is in compliance with the Complete Security Roadmap. Note there are periodic deadlines that must be met.
- The software package must have passed the Indiana testing process;
- The company must have registered for business in Indiana if it will sell its software to Indiana clients or if your company has any employees in Indiana.
- The company must not have any outstanding Indiana tax liabilities.
- The company must not be currently suspended from the Indiana Electronic Filing program for some infraction.
- The product must provide the ability to produce the estimated tax voucher, extension of time to file, post filing coupon (PFC) and the signature form for MeF filing.
- Since this is a joint Federal/State program, the software package and your company must have been accepted by the IRS into the federal electronic filing program.
- Software supporting paid preparers must be certified for the IT-40, IT-40PNR, and IT-40RNR. Indiana has a mandate requiring paid preparers to file all individual income tax returns electronically if they filed at least 10 Indiana returns the prior calendar year.

Companies that have received certification for the current tax year will be notified immediately upon being certified and may then begin advertising themselves as having been certified by the Indiana Department of Revenue. This official certification will be in the form of a written approval notification by the department.

After successful testing, companies that would like to be listed on our website as certified should provide and the following information to the DOR:

- Organization Name
- Product Name
- Indiana Software ID
- Release Date to Users (MUST be released, not just planned)
- Product Type: Individual, S Corporation or Partnership
- Whether or not the software should be listed as an Approved Online Filing Company on page <http://www.in.gov/dor/4742.htm>

Provide URL and an attachment of original graphic logo file in .gif or .jpg format. This may be no wider than 100px.

**Note:** Should a software developer not meet all of the criteria stated above, that company will not be allowed to participate in the Indiana Electronic Filing program, regardless of whether they have made promises to their clients or have sold their software as “certified” by the state.

## **Responsibilities of Developers**

As a software developer participating in the Indiana Electronic Filing program, your responsibilities are:

- To participate as full partners with the department in developing quality software to be used for filing Indiana returns electronically
- To access the department’s Software Developer Corner website annually at <http://www.in.gov/dor/3842.htm> in order to update your registration information.
- To comply with all terms of participation as detailed in this publication and in Publications IND 1345 and IND 1347;
- To develop your software in compliance with the specifications described in publication IND 1347, performing all edits and validations as requested;
- To provide a signed copy of the Software Developer’s Agreement to the department by the due date.
- To produce department approved hard copies of all returns, schedules, and worksheets (including the mandatory 1-D barcode) which are required for your clients who opt to submit their tax filing by paper, rather than electronically;
- To produce department approved hard copies of certain payment coupons, signature documents, support the filing of extensions of time to file and payment of estimated taxes. These requirements apply regardless of whether or not your client files electronically. Even online software developers who do not permit their clients the option of printing their returns MUST do the following:
  - Receive approval for the Post Filing Coupon (PFC) and associated letter
  - Receive approval for the IT-8879 and/or IT-8453OL, depending on whether or not they have paid preparers using their software
  - Provide for extensions by either obtaining approval for an IT-9 or including a link to the IT-9 form on the IDOR website.
  - Provide for estimated payments using at least one of the following methods:
    - Receive approval for the IT-40ES
    - Receive approval for the ES-40
    - Provide a link to the ES-40 form on the IDOR website
    - Provide a link to the ePay page on the IDOR website
- To keep in constant contact with the department via phone and email, and access the department’s website ([www.in.gov/dor](http://www.in.gov/dor)) frequently during development;

- To help your clients to understand how the electronic filing program works and exactly what are their responsibilities;
- To insure that your clients have installed and setup their software properly and know how to use it;
- To educate your clients regarding the most common E-File problems encountered (listed in the section “Cautions and Considerations”);
- To retrieve your state acknowledgments from the IRS daily and pass those acknowledgments on to your clients for which you are serving as a transmitter;
- To instruct your clients (either the ERO or taxpayer) they are to retain the following at their site until at least December 31, 2020:
  - The IT-8879, if filing through a paid preparer
  - The signed IT-8453OL, if filing their own return
  - Any attachments
 (Failure to do so may result in suspension from the electronic filing program or a review for fraud by our Special Investigations Unit);
- To instruct your clients in the use of the Self-Select PIN and the associated federal requirements
- To report suspected fraudulent returns promptly as required by the software developers’ agreement
- To communicate any problems or delays you are encountering to our Electronic Filing Help Desk as soon as you become aware of them

## **REVISION 2016 Retained Forms, Schedules, or Certifications**

This section specifies the forms, schedule or certifications that need to be retained by the preparer or the taxpayer and the conditions upon which they should be sent to the Indiana Department of Revenue.

If a practitioner is electronically filing a return (Fed/State Electronic Filing program) for a client who is claiming one of the following deductions or credits, the preparer will need to provide to the taxpayer and maintain in its records a completed copy of the designated form, schedule, and/or certification letter that applies to that deduction, credit and/or tax.

If a taxpayer is electronically filing his return (Fed/State Online Filing program) and is claiming one of the following deductions or credits, the software will need to instruct the taxpayer to complete and retain a copy of the designated form, schedule, and/or certification letter that applies to that deduction, credit, and/or tax. The department may request the taxpayer to mail the supporting documentation at a later date.

### ***Deductions:***

- **Indiana Form IT-40QEC**
  - Enterprise Zone Employee Deduction (Code 603)
- **Schedules**
  - **Schedule IN-PAT** Qualified Patents Income Exemption Deduction (Code 622)

- **Schedule IN-2058SP** Nonresident Military Spouse Earned Income Deduction (Code 625)
- **Schedule IT-2440** Indiana Disability Deduction (Code 602)
- **Schedule IT-40NOL** Net Operating Loss Computation for Individuals (Code 607)

*Taxes:*

- **Schedule IN-H** Indiana Household Employment Tax
- **Schedule IN-529R** Recapture of Indiana’s CollegeChoice 529 Education Savings Plan Credit

*Credits:*

- **Letter of Certification from Indiana Economic Development Corporation (previously Indiana Department of Commerce) and the Indiana K-1**
  - Economic Development for Growing Economy (EDGE) Credit
  - Economic Development for a Growing Economy Retention (EDGE-R) Credit

*Offset Credits:*

- **Indiana Schedule EZ**
  - Enterprise Zone Employment Expense Credit (Code 812)
- **Indiana Schedule LIC**
  - Enterprise Zone Loan Interest Credit (Code 814)
- **Indiana Form IT-20 REC**
  - Indiana Research Expense Credit (Code 822)
- **Indiana Form IDA 20**
  - Individual Development Account Credit (823)
- **Letter of Certification from Indiana Economic Development Corporation and the IN K-1**
  - Enterprise Zone Investment Cost Credit (Code 813)
  - Blended Biodiesel Credit (Code 803)
  - Venture Capital Investment Credit (Code 835)
- **Indiana Schedules**
  - **Schedule IN-OCC**
    - Hoosier Business Investment Credit (820)
    - Hoosier Business Investment Credit – Composite (Code 1820)
    - Hoosier Business Investment Credit – Logistics (Code 860)
    - Hoosier Business Investment Credit – Logistics - Composite (Code 1860)
    - Natural Gas Commercial Vehicle Credit (Code 858)
    - Natural Gas Commercial Vehicle Credit - Composite (Code 1858)

- School Scholarship Credit (Code 849) School Scholarship Credit – Composite (Code 1849)
- **CC-40** Indiana College Credit (Code 807) **Schedule TCSP-40** Twenty-First Century Scholars Program Credit (Code 834)

Forms, schedules, and/or letters should only be sent to the department upon request

**Penalty:**

- **Schedule IT-2210A** Annualized Schedule for Underpayment of Estimated Tax

**Mailing Address**

If requested to submit, when mailing supporting forms, schedules, and/or letters, the taxpayer should include the social security number of the taxpayer, the type of tax return that was filed (example: IT-40, IT-40PNR, IT-40RNR) and the tax year (e.g., 2016) for which the return was filed. In the case of a joint return, the social security number of the spouse should be included.

These forms, schedules, and/or letters should be mailed to the Indiana Department of Revenue; Tax Administration – IND Processing Section; 100 N. Senate Ave.; Indianapolis, IN 46204-2253.

**Note:** A refund due on any electronic return that was filed through the Federal/State Online program and contains any of the deductions or credits listed above to be sent to the department may not be released until the listed form, schedule, and/or letter has been requested and received by the Indiana Department of Revenue.

**Responsibilities of the Department**

The department, in turn, has the following responsibilities:

- To supply software developers with clear and concise software specifications for creating electronic filing software for Indiana
- To provide technical personnel to answer questions pertaining to the specifications and to the Indiana Electronic Filing program
- To quickly disseminate changes to the specifications or to the program if they become necessary
- To promote awareness of the program and the participating vendors to Indiana taxpayers and to tax practitioners within the state
- To keep in constant contact with all developers via phone and email and by utilizing the department’s website
- To communicate any problems or delays encountered to all affected participants quickly and efficiently

**REVISION 2016 Cautions and Considerations**

The following describes some common problems encountered by participants in the Indiana Electronic Filing program. Acquaint yourself with them and make every attempt to avoid these

problems as they may cause substantial delays to processing returns or in the posting of the state acknowledgments.

- Both Form IT-8879 and Form IT-8453OL must be completed correctly. The complete submission ID must be clearly and legibly printed or written in the appropriate boxes at the top of the form if the return was filed via the MeF platform. If the submission ID is not available at the time of printing, it must be available to the preparer and ERO for the retention period of the form. Should the form be requested by the department, the submission ID must be completed before the form is provided to the department.
- Form IT-8879 (for returns prepared by a paid preparer) is to be kept by the ERO and Form IT-8453OL (for self-filers) is to be kept by the taxpayer until at least December 31, 2020. The IRS's acknowledgment of receipt of the state return is not to be confused with the state acknowledgment. Do not send the IT-8879 or the IT-8453OL to the Department of Revenue. Do not retain the IT-8879 or the IT-8453OL if the Indiana return was rejected. Failure to retain the IT-8879 or the IT-8453OL, with the attached income statements and other required documentation, after the return has been accepted may be cause for suspension from the Indiana Electronic Filing program and/or a cause for fraud review by our Special Investigations Unit.
- In Indiana, the most common errors on electronic returns are address-related. In order to take advantage of discounted postal rates, Indiana strives to ensure that all addresses stored in our database conform to the strict standards of the U.S. Postal Service. Toward that end, Indiana has implemented a more robust address validation process. Although Indiana does not reject for most address validation issues, incorrectly formatted addresses will likely result in processing delays. We understand that no amount of address validation can completely eliminate all address errors; however, in order to reduce the risk of processing delays, vendors are highly encouraged to take every reasonable step to ensure that the users of their software are entering correctly formatted addresses.
- Another very common problem is the absence of the primary taxpayer's county code of residence and/or county code of work. Both must be present on every return filed. Electronic filers using the Self Select PIN cannot use the State Only filing option. State only filers must use the signed Practitioner PIN Program, Form IT-8879.

## Internet/Website

Our website at <http://www.in.gov/dor/3842.htm> will provide software developers, EROs, and taxpayers with a wealth of information concerning the department and its programs, including electronic filing. Software developers have a special section on our website called the Developer's Corner. **Yearly registration is required.** In order to receive the password to Developer's Corner, you will need to go to our Software Developer registration page (<http://www.in.gov/dor/5187.htm>) to register as a software developer. Announcements and updates will appear here. Visit it often!

## Indiana State Acknowledgments

Indiana will use the IRS MeF schema to acknowledge receipt of the state data record via the MeF platform. Refer to the appropriate link on the Publication IND 1346 webpage to obtain a list

of Indiana's Reject Codes. MeF State Acknowledgments will normally post within 48 hours after the transmitter has received the federal acknowledgments (Exceptions: weekends and holidays).

State acknowledgments will generally be available within 48 hours of the department receiving the state electronic return from the IRS each day. 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.

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, duplicate Social Security numbers, and duplicate tax returns. The transmitter will not be notified of these types of error conditions. 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.

Refer to the IRS website ([www.irs.gov](http://www.irs.gov)) for a sample of the MeF acknowledgment instance document.

## **Indiana Reject Codes**

Indiana Reject Codes identify the source of the problem using an error code based on the form or schedule where the error occurred. The error reject codes tell why the return rejected and identify the schema fields that have the error.

Links to the MeF Reject Codes can be found on the Publication IND 1346 webpage.

## **Indiana Schema Validation and Reject Process**

It is also important to note that Indiana's electronic return validation is a 2-part validation.

- Part 1 of the validation process will be schema validation. If the return fails for any type of schema violation, the return will be rejected immediately and no further validation will be done.
- Part 2 of the validation process will be the business rule validation. If the return passes the business rule validations, it will be accepted by Indiana. If the return fails any of the business rules, it will be rejected.

Developers of software products that perform due diligence by validating the returns against Indiana's schemas prior to transmission should notice no difference in the process. Developers of software products that do not validate against Indiana's schemas can potentially see the same return rejected multiple times. If the return contains both schema and business rule violations, the initial acknowledgment(s) will identify only schema errors. Once the schema violations have been corrected, subsequent acknowledgments will report the business rule errors.

## **REVISION 2016 County Schedules (CT-40 or CT-40PNR)**

All taxpayers filing electronically are required to include the county tax schedule, CT-40 or CT-40PNR, with their tax filings. The only exception to this requirement is if, on January 1 of the tax year, neither the taxpayer (nor spouse, if filing a joint return) lived or worked in an Indiana county.

All 92 Indiana counties have adopted a county income tax. If the exception criteria are not met, the county schedule is always required even if no county tax is due to an Indiana county. The information on the schedule is the only means Indiana has to confirm that no county tax is due. It is possible, though rare, that a taxpayer can have no taxable income, yet still owe a county tax.

Therefore, any electronic 2016 return indicating 01 through 92 in either one of the following elements must include the county tax schedule in the filing:

- ReturnFormHeader/PrimaryCounty/ResidentCounty
- ReturnFormHeader/PrimaryCounty/WorkCounty
- ReturnFormHeader/SecondaryCounty/ResidentCounty
- ReturnFormHeader/SecondaryCounty/WorkCounty

Any electronic 2016 return that does not meet the exception criteria, but is filed without a county tax schedule, will be rejected.

## **REVISION 2016 Indiana Perfection Period Processing**

Indiana has adopted a perfection period policy for electronically filed returns. There is a 5-day Transmission Perfection Period to perfect a rejected return for electronic re-transmission so that the return will be processed using the time stamp of the originally filed return rather than the time stamp of the re-transmitted return. When a previously rejected electronic return is accepted by Indiana within the 5-day Transmission Perfection Period, it will be deemed to have been received on the date indicated in the time stamp of the first return submitted within that 5-day period. For clarification to developers, Indiana considers the data element ReturnHeaderState/Timestamp to be the official time stamp (postmark) of the return.

For purposes of the perfection period, the 5-day period is calendar days, not business days.

In order for Indiana to apply the originally rejected return's postmark date to the corrected, accepted return, the re-submitted return must have the original rejected return's submission ID populated. This value will go in the StateSubmissionIdOrig element of Indiana's Individual return schemas at the AuthenticationHeader/FilingHistory level.

This rule applies to all MeF rejected returns, but its implication is most important with regards to returns filed near or after the due date. Examples to illustrate how this rule will be applied follow. Note that the below table makes the assumptions that no federal or state extensions were filed and that the re-transmitted returns passed validation and were accepted by Indiana on that filing attempt:

*Table 1: Example – Perfection Period Rules*

<b>Original Time Stamp of Return Rejected by Indiana</b>	<b>Re-transmitted Time Stamp of the Corrected Return</b>	<b>Time Stamp Accepted by Indiana DOR</b>
April 1, 2017	April 6, 2017	April 1, 2017
April 8, 2017	April 14, 2017	April 14, 2017
April 18, 2017	April 23, 2017	April 18, 2017
April 18, 2017	April 24, 2017	April 24, 2017
April 22, 2017	April 27, 2017	April 22, 2017
April 22, 2017	April 28, 2017	April 28, 2017

### **Electronic Returns with State Time Stamps**

Indiana will not accept electronic returns containing a time stamp that occurs more than a few days in the past. As previously stated, Indiana considers the ReturnHeaderState/Timestamp to be the postmark date of the electronic return.

During previous filing seasons, Indiana received MeF returns containing dates in the element ReturnHeaderState/Timestamp that were as much as four months in the past. We believe it is likely that some software products populate this element with the date that the taxpayer started the return rather than the date when it was transmitted. As repeatedly stated, Indiana relies on this element to contain the legal postmark date of the return. Software developers should be diligent in making certain that this element contains the true transmission date.

Indiana concedes that there may be times when backlogs will occur due to processing problems at either the IRS or the Indiana Department of Revenue. During those times, Indiana will adjust the number of days threshold accordingly so as not to reject large numbers of returns that were delayed purely as a result of those processing issues.

Once any backlogs are resolved, the normal threshold limitations will resume in order to prevent the acceptance of stale postmark dates.

### **REVISION 2016 Indiana’s Interpretation of Zulu Time**

Indiana has noted that software vendors utilize various methods to populate the ReturnHeaderState/Timestamp element. Since this is the date that Indiana recognizes as the return’s postmark date, it is essential that we interpret that date, as it relates to Indiana, in a consistent manner, regardless of the date’s format.

The date/timestamp interpretation rules used by Indiana are as follows:

- Timestamp is appended with a “Z” (ex: 2017-04-16T02:24:41Z)
- Indiana will interpret that the Timestamp element contains the date and time in Greenwich, England (Zulu Time) when the return was transmitted.
- In 2017, Daylight Savings Time begins March 12 and ends November 5.
- During the period when Indiana is observing Daylight Savings Time, Indiana will subtract 4 hours from the date/timestamp in this element to derive the postmark date which will be applied to the return.

- During the period when Indiana is observing Eastern Standard Time, Indiana will subtract 5 hours from the date/timestamp in this element to derive the postmark date which will be applied to the return.
- Timestamp is appended with a time offset (ex: 2017-04-15T22:24:41-04:00)
- Indiana will interpret that the Timestamp element contains the local time of the location from which the return was transmitted.
- Indiana will accept the date at face value.

For clarification, the table below illustrates possible date/timestamp formats and the postmark date that Indiana would apply to those returns, based on the rules that were detailed above.

**Table 2: Possible Date/Timestamp Formats and Postmark Date**

<b>ReturnHeaderState/Timestamp Element</b>	<b>Postmark Date Applied by Indiana</b>
2017-04-18T03:55:57Z	April 18, 2017 (Timely)
2017-04-19T06:21:52Z	April 19, 2017 (Late)
2017-04-18T23:57:45-04:00	April 18, 2017 (Timely)
2017-04-19T01:32:16-07:00	April 19, 2017 (Late)

## **Allowance for Deceased Children Having No SSN**

Indiana requires the SSNs of all children reported on both Schedule IN-EIC and Schedule IN-DEP. However, Indiana acknowledges that a child could die in the same year of his or her birth, prior to being assigned a social security number.

Indiana has altered the schema for both of these schedules to allow for this possibility. A choice gate requires either the child’s SSN or the literal “DIED” on both of the schedules. This mirrors what the IRS has done in their schemas for the same scenario.

If the deceased child was assigned a social security number, the child’s SSN should be populated in the ChildSSN element. The DiedLiteralCd element should only be used if the child died prior to being assigned a social security number.

The DiedLiteralCd element can only be used if the child was born in the tax year of the return being filed. If the child was born in an earlier tax year, but died in the tax year being filed without having been assigned a social security number, the child is not eligible to be claimed on either Schedule IN-EIC or Schedule IN-DEP.

## **Who to Contact**

All forms generated by your software must be approved by the department’s Forms Testing Coordinator:

email address: [forms@dor.in.gov](mailto:forms@dor.in.gov).

Questions concerning your state acknowledgments or pertaining to IRS ACK’s should be directed to the IRS’s Customer Support Center. Please refer to Indiana Publication IND 1345,

“Handbook for Electronic Return Originators and Transmitters of Individual Income Tax Returns,” for details on how and when to contact the IRS.

All inquiries with electronic filing software development and software testing should be directed to the Electronic Filing Coordinator:

Indiana Department of Revenue  
Attn: RPC Center of Excellence, Alternative Filing Help  
100 N. Senate Avenue  
Indianapolis, IN 46204. Phone: (317) 615-2550, Fax: (317) 615-2520  
E-mail address: [AltFileMgr@dor.in.gov](mailto:AltFileMgr@dor.in.gov).

If the Help Desk Attendant cannot answer your question, you will be transferred to a staff member who can assist you. The Indiana Electronic Filing Desk is operational Monday through Friday between 8:00 a.m. and 4:30 p.m. Twenty-four hour voice mail is available. Email may be directed to [AltFileMgr@dor.IN.gov](mailto:AltFileMgr@dor.IN.gov). The department’s website ([www.in.gov/dor/3337.htm](http://www.in.gov/dor/3337.htm)) contains downloadable state forms and other information for tax practitioners and software developers.

## **Software Specifications**

Edits MUST be performed by the software packages. These edits are documented in a separate publication, IND 1347, “Edits and Validations for Individual Income Tax. We understand that the various packages may incorporate a variety of strategies to accomplish these validation criteria.

Regardless of the programming philosophies elected by any particular software developer, four objectives must be met:

- All edits and table validations described in Publication IND 1347 must be performed as directed.
- Only returns passing all of these edits are to be allowed to be filed electronically.
- State data must be transmitted in full compliance with the MeF schemas specified in this publication.
- All Indiana forms generated must be approved by our Forms Testing Coordinator at [Forms@dor.IN.gov](mailto:Forms@dor.IN.gov).

## **Personal Representative**

In addition to the paid preparer information, the department also requests the contact information for the taxpayer’s personal representative on the IT-40, IT-40PNR and the IT-40RNR. The paid preparer and the personal representative can be the same individual, but this must be explicitly stated by completing both the paid preparer and personal representative sections of the return. The personal representative must be an individual. The personal representative cannot be a business entity.

The department will not discuss the taxpayer’s return with anyone other than the taxpayer or the individual listed as the personal representative on the Indiana return. Indiana does not recognize the optional paid preparer authorization checkbox in the header at this time.

If the taxpayer chooses to designate a personal representative, all requested personal representative information must be provided. This includes the name, phone number, and complete address of the personal representative as well as the authorization check box. If a personal representative is designated, the general information the software prints at the conclusion of the filing process should include information on how the taxpayer can revoke the authorization for the department to discuss the return with the personal representative.

The department suggests the following verbiage: “You have authorized the Indiana Department of Revenue to discuss your tax return with a personal representative. You may decide at any time to revoke the authorization for the department to be in contact with your personal representative. If you elect to revoke the authorization, you will need to provide the Department of Revenue with a signed statement. The statement must include your name, Social Security Number, and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 40, Indianapolis, IN 46206-0040.”