

Publication IND 1345  
SP 275 (R15 / 9-16)

# **Handbook for Electronic Return Originators and Transmitters of 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.
- Indicates changes to this year's program.

**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, EROs, and Transmitters subscribe to our website in order to automatically receive email notifications whenever updates to our publications are posted. If you do not already subscribe, please click on the subscription link on our **Tax Professional's** webpage.



**Tax Professional Basics**

## Getting Started

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

Indiana accepts electronic returns through the IRS Fed/State Electronic Filing Program under the Modernized e-File platform (MeF).

In this publication, you will see references to detailed sections. 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 are detailed within Publication 1346. The validation rules can be found in Publication 1347. The testing requirements are contained in Publication 1436.

### **REVISION 2016 - Administrative Highlights**

Please refer to the link on our Publication IND1345 (SP 275) webpage.

### **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 these 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.

### **The Federal/State Electronic Filing Program**

The Indiana Department of Revenue (department) accepts electronic tax returns as part of the Federal/State Electronic Filing program in conjunction with the Internal Revenue Service (IRS). 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. 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. Indiana does accept 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.

IRS Resources: e-Help desk assistants 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 assistants support IRS e-file Individual and Business, EFTPS, SAM 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 electronic return originator (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 send 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. To become an Authorized e-file Provider, please visit the IRS website at <http://www.irs.gov/Tax-Professionals/e-File-Providers-&Partners/Submit-Application> .

Once accepted into the federal electronic filing program, no additional Indiana application is needed. However, Indiana reserves the right to deny participation to any provider for reasons including outstanding tax liabilities, a failure to register your business in the state (when necessary), or a history of fraudulent transactions. Indiana reserves the right to terminate any partnership, for any reason, at any time and to stop accepting electronic returns from a provider.

### **REVISION 2016 - 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 encourage any developers who have not participated in MeF processing with Indiana previously, to develop and test as early as possible.

Specifications for developing software programs are explained in the IRS Publication 4164 (MeF), Indiana Publication IND 1346 the Handbook for Developers of Electronic Filing Software for Individual Income Tax Returns, and Indiana Publication IND 1347, Edits and Validations for Indiana Individual Income Tax.

Participating software developers will be provided with test data and instructions to perform the Indiana testing. Indiana's testing procedure for the MeF platform is scenario based. Indiana Publication IND 1436, Instructions for Testing Electronic Filing Software for Individual Income Tax Returns, contains all the necessary test materials for submitting Indiana test returns via 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 provides a link to a listing of Certified Software Developers (<https://secure.IN.gov/dor/3848.htm>).

The Indiana Department of Revenue reserves the right to suspend the approval of any software if a developer fails to comply with the DOR guidelines.

## **REVISION 2016 -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 4164, Modernized e-File (MeF) Guide for Software Developers and Transmitters **Note:** This publication is primarily used by Software Developers developing under the MeF platform.

IRS Publication 4557, Safeguarding Taxpayer Data

### ***State Publication***

Indiana Publication IND 1345 (SP 275), Handbook for Electronic Return Originators and Transmitters of Individual Income Tax Returns

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

## **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.

Email may be sent to [AltFileMgr@dor.in.gov](mailto:AltFileMgr@dor.in.gov).

The department's website [www.in.gov/dor](http://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 (i.e., 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.

### ***IRS Contacts***

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). 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.

The IRS stakeholder liaison establishes relationships with practitioner and industry organizations representing small business and self-employed taxpayers. They provide information about the policies, practices, and procedures the IRS uses to ensure compliance with the tax laws. They also elevate issues that affect tax administration. To establish a relationship with the IRS or report an issue, use the following contact information.

**Note:** This contact cannot respond to tax law questions. For tax law questions, refer to the “Help and Resources” tab on the irs.gov home page.

IRS stakeholder liaison for the Great Lakes Region:

(216) 415-3518

[sbse.sl.great.lakes@irs.gov](mailto:sbse.sl.great.lakes@irs.gov)

By electronically filing your individual income tax information, you avoid much of the paperwork associated with the filing process. Returns no longer have to be mailed, sorted, imaged, keyed, and verified. They bypass those parts of the process.

## **The Filing Process**

### **Identity Theft Prevention**

The state of Indiana is requesting additional information this filing season in an effort to combat stolen-identity tax fraud and to protect our taxpayers’ hard-earned tax refunds. Please provide the requested driver's license or state-issued identification card information whenever possible. Returns will not be rejected if this information is not provided, but providing the information could help process the returns more quickly.

### ***REVISION 2016 - What Can Be Electronically Transmitted***

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

- IT-40, Indiana Full Year Resident Individual Income Tax Return
- IT-40PNR, Indiana Part –Year or Full- Year Nonresident
- IT-40RNR, Reciprocal Nonresident Indiana
- Prior Year: See details under “Prior Year Filings”
- Schedule 1: Indiana Tax Add-Backs (Attachment to Form IT-40)



- Schedule 2: Indiana Deductions (Attachment to Form IT-40)
- Schedule 3: Indiana Exemptions (Attachment to Form IT-40)
- Schedule 4: Indiana “Other” Taxes (Attachment to Form IT-40)
- Schedule 5: Indiana Credits (Attachment to Form IT-40)
- Schedule 6: Indiana Offset Credits (Attachment to Form IT-40)
- Schedule 7: Indiana Additional Info (Attachment to Form IT-40)
- Schedule A: Indiana Income or Loss (Attachment to Form IT-40PNR)
- Schedule B: Indiana Tax Add-Backs (Attachment to Form IT-40PNR)
- Schedule C: Indiana Deductions (Attachment to Form IT-40PNR)
- Schedule D: Indiana Exemptions (Attachment to Form IT-40PNR)
- Schedule E: Indiana “Other” Taxes (Attachment to Form IT-40PNR)
- Schedule F: Indiana Credits (Attachment to Form IT-40PNR)
- Schedule G: Indiana Offset Credits (Attachment to Form IT-40PNR)
- Schedule H: Indiana Additional Info (Attachment to Form IT-40PNR)
- Schedule IN-529: CollegeChoice 529 Education Savings Plan Schedule
- Schedule CT-40, County Tax Schedule for Full Year Indiana Residents;
- Schedule CT-40PNR, County Tax Schedule for Part-Year or Full-Year Non-Residents
- IT-2210, Underpayment of Estimated Tax Schedule for Individuals
- IN-DEP, Indiana Dependent Schedule
- Schedule IN-EIC, Indiana Earned Income Credit
- Schedule IN-EDGE, Economic Development for a Growing Economy Credit
- Schedule IN-EDGE-R, Economic Development for a Growing Economy Retention Credit
- Schedule IN-OCC, Other Certified Credits
- Schedule IN-DONATE
- Schedule IN K-1
- W-2’s, W-2G’s, 1099-R’s, 1099-M’s and 1099-G’s

No other forms can be electronically transmitted. Software developers, please see Publication IND 1346 for more detail.

***REVISION 2016 - What Cannot Be Electronically Transmitted***

The following types of individual forms cannot be electronically transmitted.

- Amended or corrected returns (IT-40X)
- Returns for tax years prior to 2014

- The SC-40 Unified Tax Credit for the Elderly

### ***Giving Authorization to Discuss a Return***

A taxpayer may authorize the department to discuss his or her return with another individual by completing Schedule 7 Personal Representative Information And Authorization check box. To authorize the department to discuss a return with the paid preparer, the name of the individual paid preparer, not the firm, must be listed on Schedule 7 as the personal representative. In addition, the personal representative authorization check box must be checked.

### **REVISION 2016 - Form IT-8879 Information**

An IT-8879, Declaration of Electronic Filing, must be completed and signed before transmission can take place. The IT-8879 serves several purposes. It gives authorization for the ERO to file on the taxpayer's behalf and provide additional information to the department, provides permission for direct deposit of the taxpayer's refund, and serves as authentication for the return.

It is necessary to complete an IT-40, IT-40PNR, or IT-40RNR *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.

### ***Attachments to Form IT-8879.***

- State copies of wage and withholding tax statements.
- Schedules, worksheets, or other verification requested on the main form (IT-40, etc.) to explain any deductions and/or credits the taxpayer may have taken. These forms include, but are not limited to:
  - IT-2210A, Annualized Income Schedule for the Underpayment of Individual Estimated Tax
  - IT-2440, Disability Retirement Deduction;
  - IT-40NOL, Individual Net Operating Loss Schedule; and
  - Other State Tax Forms.
- 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 Current Year Tax Forms Area of the website and selecting Electronic Filing Publications <https://secure.in.gov/dor/3516.htm>.

## **REVISION 2016 - 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, Credit and/or Tax. **Do not mail these documents to the department unless requested to do so:**

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

### ***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 (previously Indiana Department of Commerce) and the Indiana K-1***

- Enterprise Zone Investment Cost Credit (Code 813)
- Blended Biodiesel Credit (Code 803)
- Venture Capital Investment Credit (Code 835)
- Hoosier Business Investment Credit (Code 820)
- Hoosier Business Investment Credit-Logistics (Code 860)
- EDGE – Economic Development for Growing Economy Credit (Code 839)
- EDGE-R – Economic Development for Growing Economy Credit (Code 857)

### ***Indiana Schedules***

- **Schedule 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.

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, IRS Publication 1345 should be referenced.

## **Indiana State Acknowledgments**

Indiana will use the IRS MeF Acknowledgment Schema to acknowledge receipt of the state data record transmitted. 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).

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.

Please refer to the MeF Acknowledgment Schema on the IRS website, [www.irs.gov](http://www.irs.gov)

## **Indiana Reject Error Codes**

It is important to note that, due to the 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 comprehensive list of Reject Codes is available for electronic returns that were transmitted via the MeF platform.

You may access the MeF Indiana Reject Error Codes from the links on our Publication IND1345 (SP 275) webpage once they become available for publication. It is anticipated that Indiana's Reject Codes will be available for publication no later than mid-September. If you subscribe to Indiana Department of Revenue's notification service, you will automatically receive a notification email when the Reject Codes are published.

## Indiana Schema Validation and Reject Process

Indiana's electronic return validation is a 2-part validation.

- Part 1 of the validation process is schema validation. If the return fails for any type of schema violation, such as data formatting, 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.

Transmitters who are sending returns that were generated by 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 - Indiana Perfection Period Processing**

Indiana has a 5-day perfection period policy for electronically filed returns. Five days are allowed 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 purposes of the perfection period, the 5-day period is calendar days, not business days.

This rule applies to all MeF rejected returns, but its implication is most important in regards to returns filed near or after the due date. Examples to illustrate how this rule will be applied follow.

**Note:** 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.

<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 Unreasonably Old Time Stamps**

Indiana will not accept electronic returns containing a time stamp that occurs more than five days in the past.

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 date 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.

### **REVISION 2016 Who to Contact**

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

Voice: (317) 615-2550. Fax: (317) 615-2520.

Email address: [AltFileMgr@dor.in.gov](mailto:AltFileMgr@dor.in.gov).

**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 2016 - Paper Documents**

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. For example: 2016 return filed April 15, 2017: IT-8879 with attachments will be kept by the ERO until December 31, 2020.)

Each of the following must be kept by the ERO. You may retain either the paper or image format:

- Original IT-8879, Declaration of Electronic Filing w/original signatures;
- State copies of W-2s, W-2Gs, 1099-Rs, 1099-MISCs, 1099-Gs and other forms that show Indiana individual income tax withholding or unemployment compensation;
- All documents requiring original, manual signatures;

- Any supporting schedules or worksheets that explain deductions or credits taken on the return, as they apply to the taxpayer; and
- A copy of the IT-40, IT-40PNR, or IT-40RNR with the signature and business information of the primary paid preparer only if they did not sign the IT-8879.

**Note:** 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 email at AltFileMgr@dor.in.gov or telephone at (317) 615-2550.

**Note:** Do not give this telephone number to the taxpayer.)

### ***Corrections to Form IT-8879***

If the 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:

- The Federal Adjusted Gross Income (Form IT-40, Line 1) changes by more than \$50 and/or
- 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:

- Arithmetic errors
- Transposition errors
- Misplaced entries
- 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 (Unlinked) Return **cannot** be used as a means for correcting or amending a previously filed return that was accepted by Indiana.

### **REVISION 2016 - Due Date**

Transmission of electronic returns must be acknowledged by the IRS on or before April 18, 2017, to be considered timely. 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.

### **REVISION 2016 - Extended Filing**

Indiana will accept late returns electronically until the IRS closes the MeF gateway to prepare for the 2017 filing season. As with late paper returns, a Federal Extension for Tax Year 2016 must be filed with the IRS or a paper Form IT-9, Extension for Tax Year 2016 or an IT-9 extension via the ePay system must be submitted to the department on or before April 18, 2017, to avoid penalty and interest. This requirement applies to all filings reporting a taxable income, even if a refund is due. Returns filed under a state or federal extension are due November 16, 2017.

### **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, or IT-40RNR, and all of 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 2016 - Other Situations**

#### ***REVISION 2016 -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.

Following is a list of the Indiana credits that 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 \$8,500,000 for Tax Year 2015, but it was increased to \$9,500,000 for Tax Year 2016.

<b>Code</b>	<b>Credit Description</b>	<b>Limit Per Tax Year</b>
819	Historic Building Rehabilitation Credit	\$450,000
823	Individual Development Account Tax Credit	\$200,000
828	Neighborhood Assistance Credit	\$2,500,000
831	Residential Historic Rehabilitation Credit	\$250,000
835	Venture Capital Tax Credit	\$12,500,000
849	School Scholarship Tax Credit	\$9,500,000

These credits' limits are not the 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 accessing the department's web page at <https://secure.in.gov/apps/dor/tax/refund/> or by calling the department's Automated Refund Line at (317) 233-4018. With either process, the taxpayer will need 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.

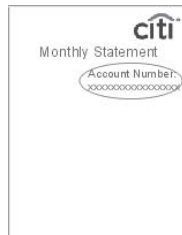
### ***Direct Deposit***

Indiana taxpayers can elect to have their 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 MasterCard account, 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 2016 overpayment:

- Applied to the Indiana Nongame Wildlife Fund, Military Family Relief Fund and/or Public K12 Education Fund;
- Applied to their 2017 estimated tax;
- Issued in the form of a check;
- Directly deposited into their financial institution; or
- The taxpayer may elect to have their refund split in the following manner:
  - Part applied to the Indiana Nongame Wildlife Fund and/or Public K12 Education Fund and the remainder refunded by check or by Direct Deposit; or
  - Part applied to their 2017 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 BMO Harris Bank to perform direct deposit functions. When your client is checking to see if a refund has been direct deposited into their account, tell them that it may appear under either Indiana Department of Revenue OR BMO Harris Bank. It may also appear as a "credit" rather than a "deposit. 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 rejected by the taxpayer's financial institution will be mailed to the address supplied on the return in the form of a paper check. 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 (e.g., Power of Attorney) cannot be transmitted electronically.

### ***Balance Due Returns***

All electronic filers who owe taxes will need to submit their payment to the department via ePay system or with a Post Filing Coupon (PFC), 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 2017 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 2017 estimated tax payment, the taxpayer must use Form IT-40ES or Form ES-40.

The issuance of the PFC will be the responsibility of the ERO. The ERO is responsible for explaining to the taxpayer when and how to file the PFC and/or make payment via the IN ePay system.

If not paid by the April 18, 2017 payment deadline, as with all late balance due returns, penalty and interest will be assessed. There are three options available:

- 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.
- Payment, including penalty and interest, may be made using the Indiana ePay method. See other payment options below for credit card and electronic echeck.
- 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 the department's website at [www.in.gov/dor/epay](http://www.in.gov/dor/epay). Major credit cards that are accepted are MasterCard and VISA.

### ***Electronic Check Payments 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 website at [www.in.gov/dor/epay](http://www.in.gov/dor/epay) and follow the instructions provided. Indiana's electronic check payments may be delayed up to 90 days. See the website for additional information.

## **Responsibilities of EROs and Transmitters**

Electronic return originators and transmitters must abide by the terms set forth in this publication, the IRS Publication 1345, IRS 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 contained in the ReturnHeaderState/Timestamp element will be considered the post mark date for electronically transmitted Indiana returns. Transmitters must forward state acknowledgments to EROs on a timely basis.

EROs must ensure that the original Submission ID is clearly and completely written or printed in the upper right-hand corner of the IT-8879 in the space provided. If not available at time of signing, it should be available to be completed if the department requests this form. 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 is 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, have the state acknowledgment date available.

If the taxpayer elects to designate a personal representative to discuss their tax return with the department, 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, or IT-40RNR. (IRS 1040 or 1040A must be completed first when submitting a federal return.)
- 3. Enter figures from IT-40, IT-40PNR, or IT-40RNR on the IT-8879, if appropriate.
- 4. Enter the Indiana Submission ID on the IT-8879. All 20 digits of the SubmissionID must be present and legible. (If not available at time of signing, it should be available to be completed if the department requests this form.)
- 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), IN K-1 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 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 and acceptance once you have received it from your Transmitter.
- 15. State only: The Self-Select PIN option is not available for State Only Returns.  
Reminder: Please write your self-assigned PIN number down and keep it in a safe place.
- 16. 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
INtax	(317) 233-8729
Corporate Tax Information	(317) 232-0129
Collection/Liability Inquiries	(317) 232-2165
Motor Carrier	(317) 615-7200

<b>District Office Locations</b>	
<p><b>Indianapolis Main Office</b> Indiana Government Center North 100 N. Senate Avenue, Room N105 Indianapolis, IN 46204 (317) 232-2240</p>	<p><b>Kokomo</b> 117 E. Superior St. Kokomo, IN 46901 (765) 457-0525</p>
<p><b>Bloomington</b> 414 Landmark Avenue Bloomington, IN 47403 (812) 339-1119</p>	<p><b>Lafayette</b> 100 Executive Dr., Suite B Lafayette, IN 47905 (765) 448-6626</p>
<p><b>Clarksville</b> Physical Location 1200 Madison Ave., Suite E Clarksville, IN 47131 Mailing Address P.O. Box 3249 Clarksville, IN 47131-3249 (812) 282-7729</p>	<p><b>Merrillville</b> 1411 E. 85<sup>th</sup> Avenue Merrillville, IN 46410 (219) 769-4267</p>
<p><b>Columbus</b> 3520 Two Mile House Rd. Columbus, IN 47201 (812) 376-3049</p>	<p><b>Muncie</b> 3640 N. Briarwood Lane, Suite 5 Muncie, IN 47304 (765) 289-6196</p>
<p><b>Evansville</b> 500 S. Green River Rd. Goodwill Building, Suite 202 Evansville, IN 47715 (812) 479-9261</p>	<p><b>South Bend</b> 105 E. Jefferson Blvd., Suite 350 South Bend, IN 46601 (574) 291-8270</p>
<p><b>Fort Wayne</b> 1415 Magnavox Way, Suite 100 Fort Wayne, IN 46804 (260) 436-5663</p>	<p><b>Terre Haute</b> 30 N. 8<sup>th</sup> St., 3<sup>rd</sup> Floor Terre Haute, IN 47807 (812) 235-6046</p>