

Publication IND 1345



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



Updated: October 2020

Indiana Department of Revenue

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Publication Format

The format of this publication is designed to consolidate documentation needed and make it easier to for you to review. In this document, you will see references to detailed sections, that are noted by bold, black text and underlined. These are not live links to the reference document itself, however, 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.

The purpose is to allow you to review the publication in more of a summary format, with more detailed contents in separate documents. This will also allow you to print or save off only the additional section(s) that you need for a quick review.

Subscribe to Email Updates

The Indiana Department of Revenue (DOR) strongly recommends that all software developers, electronic returns originators (EROs) and transmitters subscribe to DOR website updates in order to automatically receive email notifications whenever publications are revised. If you do not already subscribe, please click on the subscription link on DOR's [Tax Professional's webpage](#) or visit public.govdelivery.com/accounts/INDOR/subscribers/new.



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Getting Started

Modernized e-File (MeF)

Indiana accepts electronic returns through the Internal Revenue Service (IRS) Federal/State Electronic Filing Program's Modernized e-File platform (MeF).

Software development requirements are detailed within *Publication IND 1346*. The validation rules can be found in *Publication IND 1347*. The testing requirements are contained in *Publication 1436*.

Administrative Highlights

Please refer to the link on the *Publication IND 1345 (SP 275)* webpage.

Prior Year Filings

Prior year 2018 and 2019 Individual Income (IND) tax returns may be filed via the MeF platform with the following restrictions:

- Only software products that were certified to file the 2018 IT-40, IT-40PNR or IT-40RNR during the 2018 tax season may file the 2018 IT-40, IT-40PNR or IT-40RNR during the 2020 tax season.
- Only software products that were certified to file the 2019 IT-40, IT-40PNR or IT-40RNR during the 2019 tax season may file the 2019 IT-40, IT-40PNR or IT-40RNR during the 2020 tax season.

The Federal/State Electronic Filing Program

DOR accepts electronic tax returns as part of the Federal/State Electronic Filing Program in conjunction with the IRS. The state system relies on the IRS to initially receive the state's electronic data and store it until DOR 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 DOR's system.

IRS Resources: The e-Help desk responds to enrolled agents, reporting agents, ELOs, 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. The e-Help desk supports IRS e-file individual and business, EFTPS, SAM and e-services customers.

Note: Callers located outside of the United States or U.S. territories should call the international phone number +1-512-416-7750.

Who Can Participate

There are three classifications of participants in the electronic filing program: electronic return originator (EROs), transmitters and software developers.

- EROs gather forms from taxpayers and prepare them for electronic transmission using tax preparation software that has been approved by both the IRS and DOR. 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 that formats the electronic returns and allows the data to be transmitted via computers.

The Application and Acceptance Process

Because this is a combined federal and 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, you may visit the IRS website at 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.

A Special Note for All EROs, Transmitters and Software Developers

The software used to transmit data must be approved by both the IRS and DOR as part of the acceptance process. Software developers are required to test their software programs for accuracy. DOR 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. However, certain security measures must be adhered to in order to begin testing.

Specifications for developing software programs are explained in *IRS Publication 4164 (MeF)*; *Indiana Publication IND 1346: 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 DOR. 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 DOR. DOR's Tax Professionals web page provides a link to a listing of certified software developers, dor.in.gov/tax-professionals/certified-software-developers.

DOR reserves the right to suspend the approval of any software if a developer fails to comply with agency guidelines.

Publications

The following publications can 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.

DOR's website, dor.in.gov, contains downloadable state forms and other information for tax practitioners and e-file program participants.

Electronic Filing Coordinator

Tax practitioners, EROs and transmitters who need assistance regarding electronic filing, software development, software testing and acknowledgment records may contact DOR's electronic filing coordinator:

Indiana Department of Revenue
Attn: e-File Coordinator
100 N. Senate Avenue
Indianapolis, IN 46204

Telephone: 317-234-3660

Email: AltFileMgr@dor.in.gov

Office hours are Monday through Friday, 8 a.m. – 4:30 p.m. EST.

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. Taxpayers may call 317-232-2240 for assistance.

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 located outside of the United States 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.

The IRS Stakeholder Liaison for the Great Lakes Region may be contacted at 216-415-3518 or sbse.sl.great.lakes@irs.gov.

The Filing Process

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.

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-40L: 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
- Schedule IN-DEP: Dependent Information and Additional Dependent Child Information
- 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-PRO: Nonresident Professional Team Members
- Schedule IN-DONATE: Donations

- Schedule IN K-1
- Schedule IT-41 IN K-1
- W-2s, W-2Gs, 1099-Rs, 1099-Ms, 1099-NEC, 1099-Gs and IN MSID-A

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

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 2018
- SC-40: Unified Tax Credit for the Elderly

Giving Authorization to Discuss a Return

A taxpayer may authorize DOR to discuss his or her return with another individual by completing the Personal Representative Information and Authorization checkbox on Schedule 7 (Form IT-40), Schedule H (Form IT-40PNR) or page 2 of Form IT-40RNR. To authorize DOR to discuss a return with the paid preparer, the name of the individual paid preparer (not the firm) must be listed on the schedule/form as the personal representative. In addition, the personal representative authorization checkbox must be checked.

Identity Theft Prevention

The state of Indiana requests additional information in an effort to combat stolen-identity tax fraud and to protect 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 this information helps process the returns more quickly

Form IT-8879 Information

An IT-8879: Declaration of Electronic Filing, must be completed and signed before transmission can take place. The IT-8879 authorizes the ERO to file on the taxpayer's behalf and provide addition information to DOR, 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
 - Other state tax forms.
 - Any document requiring original signatures. If the primary paid preparer has NOT signed the IT-8879, a copy of the main form (IT-40, etc.) with the signature be attached.

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.

You may obtain copies of Form IT-8879 by visiting the current year tax forms area on the DOR website and selecting “Electronic Filing Publications”, dor.in.gov/tax-forms/electronic-filing-publications.

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 DOR unless requested to do so:**

Deductions

- 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-CR: Credit Recapture

- Schedule IN-H: Indiana Household Employment Tax
- Schedule IT-2210: Schedule for Underpayment of Estimated Tax
- 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)

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)

Forms, schedules and/or letters should only be sent to DOR upon request.

If you have any questions concerning filling out Form IT-8879, 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 DOR 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. Reference *IRS Publication 1345* if an error code is generated.

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 to 4 hours after the transmitter has received the federal acknowledgments (exceptions: weekends and holidays).

State acknowledgments will be addressed 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. DOR has the right to suspend any transmitter from Indiana's portion of the program who fails to follow these guidelines.

You may refer to the MeF Acknowledgment Schema on the IRS website for more information www.irs.gov.

Indiana Business Rejection 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 rejection and transmitters will be notified of such error conditions. Therefore, a comprehensive list of business rejection error codes is available for electronic returns that were transmitted via the MeF platform.

You may access the MeF Indiana business rejection error Codes from the Federation of Tax Administrators (FTA) Secure Exchange System (SES) once they become available for publication. It is anticipated that Indiana's business rejection codes will be available for publication no later than mid-September. If you have activated the notifications to the FTA SES Indiana folders, you will automatically receive a notification email when the codes are published.

Indiana Schema Validation and Reject Process

Indiana's electronic return validation is a two-part process.

- 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 is the business rejection rule validation. If the return passes the business rule validations, it will be accepted by Indiana. If the return fails any of the business rejection 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.

Indiana Perfection Period Processing

Indiana has a five-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 timestamp of the re-transmitted return. When a previously rejected electronic return is accepted by Indiana within the five-day transmission perfection period, it will be deemed to have been received on the date indicated in the timestamp of the first return submitted within those five days.

For purposes of the perfection period, the five-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 table below 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.

| Original Time Stamp of Return Rejected by Indiana | Re-transmitted Time Stamp of the Corrected Return | Time Stamp Accepted by Indiana DOR |
|---|---|------------------------------------|
| April 1, 2021 | April 6, 2021 | April 1, 2021 |
| April 8, 2021 | April 14, 2021 | April 14, 2021 |
| April 15, 2021 | April 18, 2021 | April 15, 2021 |
| April 15, 2021 | April 19, 2021 | April 19, 2021 |
| April 22, 2021 | April 27, 2021 | April 22, 2021 |
| April 22, 2021 | April 28, 2021 | April 28, 2021 |

Electronic Returns with Unreasonably Old Time-Stamps

Indiana will not accept electronic returns containing a timestamp 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 DOR. 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.

Contact Information

All inquiries regarding electronic filing software development and software testing should be directed to the electronic filing coordinator:

Indiana Department of Revenue
Attn: e-File Coordinator
100 N. Senate Avenue
Indianapolis, IN 46204

Telephone: 317-234-3660

Email: AltFileMgr@dor.in.gov

Office hours are Monday through Friday, 8 a.m. – 4:30 p.m. EST.

DO NOT DISTRIBUTE THIS INFORMATION TO YOUR CLIENTS. Taxpayers may call 317-232-2240 for assistance.

Paper Documents

The following documents should not be mailed to DOR but must be maintained. Upon receipt of the Indiana acknowledgment, the ERO must keep and maintain the following information until Dec. 31, three years after the return was signed and transmitted. For example, a 2020 return filed April 15, 2021: IT-8879 with attachments will be kept by the ERO until Dec. 31, 2024.)

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, IN-MSID-A 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.

DOR may request copies of this information from the ERO on an as-needed basis. DOR, 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 DOR'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, DOR must be notified in order to determine what will be done with the signature documents and attachments.

If the ERO is a transient IRS Volunteer Income Tax Assistance (VITA) or military site, special arrangements can be made document storage. Email the electronic filing coordinator at AltFileMgr@dor.in.gov or call 317-234-3660, Monday through Friday, 8 a.m. – 4:30 p.m. EST for assistance.

Note: Do not give the electronic filing coordinator's contact information to taxpayers. Additional calls on this line can cause delays in assisting EROs.

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 one or both of the following occur:

- The federal adjusted gross income (Form IT-40, Line 1) changes by more than \$50.
- 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:

- Math 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 with payments should be mailed to:

Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

All other amended forms should be mailed to:

Indiana Department of Revenue
P.O. Box 40
Indianapolis, IN 46206-0040

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.

Due Date

Transmission of electronic returns must be acknowledged by the IRS on or before April 15, 2021, 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.

Extended Filing

Indiana will accept late returns electronically until the IRS closes the MeF gateway to prepare for the 2021 filing season. As with late paper returns, a federal extension for tax year 2020 must be filed with the IRS or a paper Form IT-9: Extension for Tax Year 2020 or an IT-9 extension electronically must be submitted to DOR on or before April 15, 2021, 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 Nov. 14, 2021.

Taxpayer Copies

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

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 DOR, an official post-filing coupon (PFC) should be generated by the software and provided to the taxpayer.

Other Situations

Credit Limits

Some Indiana credits have annual limits, set by the Indiana General Assembly, regarding how much credit may be granted to taxpayers in aggregate 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, DOR will post that information on the Software Developer’s web page and will issue notices to all developers and transmitters who subscribe to DOR’s 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 DOR. 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 \$15,000,000 for Tax Year 2019, but it was increased to \$16,500,000 for Tax Year 2020.

| Code | Credit Description | Limit Per Tax Year |
|-------------|--|---------------------------|
| 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 | \$16,500,000 |

These 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 DOR’s acknowledgment. However, if a delay does occur, taxpayers are advised to wait four weeks from the date of transmission before contacting DOR to inquire about the status of a refund check.

Taxpayers may inquire about the status of their state refund online at dor.in.gov/individual-income-taxes/check-the-status-of-your-refund or by calling DOR’s Automated Refund Line at 317-232-2240. With either process, the taxpayer will need to provide their Social Security number, the tax year (not the date it was filed) and the exact refund amount claimed on the return.

Note: Do not give the electronic filing coordinator’s contact information to taxpayers. Additional calls on this line can cause delays in assisting EROs.

Refund amounts may be offset by any outstanding liabilities due to DOR, 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 DOR follows with paper returns.

Refund Anticipation Loans (RAL)

DOR does not offer refund anticipation loans. Taxpayers must wait until their returns are processed to receive any refunds due to them. If the ERO enters into a 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 DOR on any RAL agreement that they have entered into with the taxpayer.

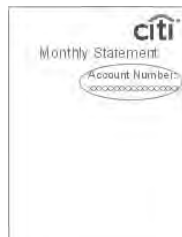
Direct Deposit

Indiana taxpayers can elect to have their Indiana refund direct deposited into their checking, savings or Hoosier Works Mastercard 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. DOR cannot make any changes to this information after the return is filed.

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 2020 overpayment:

- Applied to the Indiana Nongame Wildlife Fund, Military Family Relief Fund and Public K12 Education Fund;
- Applied to their 2021 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:
 - Applied partially to the Indiana Nongame Wildlife Fund, Military Family Relief Fund and/or Public K12 Education Fund and the remainder refunded by check or by direct deposit; or
 - Applied partially to their 2020 estimated tax account and the remainder refunded by check or by direct deposit.

DOR and the Financial Management Service (FMS) are not 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

the 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 taxpayer’s refund up to five 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 DOR via electronic payment 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 penalties and interest.

Entries on the Form IT-40 or Form IT-4PNR, requesting allocation as a 2020 estimated tax payment 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 installment period 2020 estimated tax payment, the taxpayer must use Form IT-40ES, Form ES-40 or make an online payment via dorpay.dor.in.gov.

The ERO is responsible for issuing the PFC and explaining to the taxpayer when and how to file the PFC and pay any taxes due.

If not paid by the April 15, 2021 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 Hotline at 317-232-2240 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 online. More details are available at dor.in.gov/online-services/dorpay-tax-and-bill-payment. See other payment options below for credit cards and eCheck.
- DOR 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 Visa or Mastercard through DORpay, DOR's electronic payment portal. Details and a link to DORpay are available on the DOR website at dor.in.gov/online-services/dorpay-tax-and-bill-payment.

Electronic Payment Systems

Electronic options allow the taxpayer to make payment by having the payment debited directly from their bank account. To take advantage of this payment option, the taxpayer will need to visit the DOR website at dor.in.gov/online-services/dorpay-tax-and-bill-payment.

Responsibilities of EROs and Transmitters

Electronic return originators and transmitters must abide by the terms outlined in this publication, *IRS Publication 1345*, *IRS Publication 4164* and supplements and must maintain a high degree of integrity, compliance and accuracy in order to continue to participate in the federal and state electronic filing programs.

Transmitters must ensure that electronic returns are filed in a timely manner. The date contained in the "ReturnHeaderState/Timestamp" element will be considered the postmark 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 the time of signing, it should be available to be completed if DOR 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 years from Dec. 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 DOR before considering the state portion received. When inquiring about 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 DOR, the ERO must inform the taxpayer how they may revoke the authorization with DOR to discuss their tax return with the personal representative.

DOR reserves the right to suspend any transmitter or ERO from the program if they do not follow the guidelines outlined 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 the forms you need are transmittable.
- 2. Complete the IT-40, IT-40PN, or IT-40RNR. (IRS 1040 or 1040 SR 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 submission ID must be present and legible. (If not available at time of signing, it should be available to be completed if DOR 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 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, IT-41 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 electronically.
- 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 three years.

Telephone Assistance for Indiana Tax Practitioners:

| | |
|-----------------------------------|--------------|
| Automated Refund Line | 317-232-2240 |
| Individual Income Tax Information | 317-232-2240 |
| Sales Tax Information | 317-232-2240 |
| Withholding Tax Information | 317-232-2240 |
| INtax | 317-232-2240 |
| Corporate Tax Information | 317-232-0129 |
| Collection/Liability Inquiries | 317-232-2240 |
| Motor Carrier Services | 317-615-7200 |

| District Office Locations | |
|--|--|
| <p>Indianapolis Main Office Indiana Government Center North 100 N. Senate Avenue, Room N105 Indianapolis, IN 46204 317-232-2240</p> | <p>Kokomo 124 W. Superior St. Kokomo, IN 46901 765-457-0525</p> |
| <p>Bloomington 1531 South Curry Pike, Suite 400 Bloomington, IN 47403 812-339-1119</p> | <p>Lafayette 100 Executive Dr., Suite B Lafayette, IN 47905 765-448-6626</p> |
| <p>Clarksville 1200 Madison St., Suite E Clarksville, IN 47131 812-282-7729</p> | <p>Merrillville 1411 E. 85th Avenue Merrillville, IN 46410 219-769-4267</p> |
| <p>Columbus 3520 Two Mile House Rd. Columbus, IN 47201 812-376-3049</p> | <p>Muncie 3640 N. Briarwood Lane, Suite 5 Muncie, IN 47304 765-289-6196</p> |
| <p>Evansville 500 S. Green River Rd. Goodwill Building, Suite 202 Evansville, IN 47715 812-479-9261</p> | <p>South Bend 105 E. Jefferson Blvd., Suite 350 South Bend, IN 46601 574-291-8270</p> |
| <p>Fort Wayne 7230 Engle Road, Suite 314 Fort Wayne, IN 46804 260-436-5663</p> | <p>Terre Haute 30 N. 8th St., 3rd Floor Terre Haute, IN 47807 812-235-6046</p> |