State Corporate Tax E-Filing Teleconference

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Two E-File Mandates

The **income tax e-file mandate** that passed in 2005 gives the Department the authority to require **return preparers** to e-file tax returns required by Article 22 of the Tax Law

- Beginning Jan. 1, 2009, if you are subject to this mandate, you will be required to e-file:
  - Personal income tax returns
  - Personal income tax extensions
  - Partnership returns (including Form IT-204-LL)
  - Partnership extensions

The income tax e-file mandate does not apply to self-filers!

Two E-File Mandates (Cont.)

The new **business tax e-file mandate** gives the Department the authority to require e-filing by substantially all other tax documents, primarily business tax documents. The statute also requires e-payment of the balance due on a mandated return

- For Jan. 1, 2009, if you are subject to this mandate, you will be required to e-file:
  - Article 9-A corporation tax returns (excludes combined filers)
  - CT-5, CT-5.1 and CT-5.4 extensions for Article 9-A returns

The business tax e-file mandate applies to return preparers and self-filers!

Mandated Return Preparers

Income tax e-file mandate

You must e-file if you are a return preparer and:

- ***You prepared more than 100 combined personal income tax and partnership returns for tax year 2007 in calendar year 2008***

AND

- ***You use tax preparation software to prepare at least one mandated return in calendar year 2009***

Business tax e-file mandate

You must e-file if you are a return preparer and:

- ***You prepared more than 100 corporation tax documents in calendar year 2008***

AND

- ***You use tax preparation software to prepare at least one corporation tax document in calendar year 2009***

If You Are A Return Preparer:

- Once you are subject to the mandates, you remain subject to them, regardless of the number of returns that you file
- There is an opt-out provision for clients that do not want to e-file their returns
- If you are subject to a mandate and your tax software does not support NYS e-file for the mandated returns, you will need to acquire software that supports the e-filing of those returns
- There is a $50 per return/tax document penalty on the preparer for failing to e-file:
  - Unless the taxpayer has opted out, or
  - You have other reasonable cause for not e-filing
- There is a $50 penalty on the client for failing to e-pay the balance due on a mandated return

Self-filers And Business Tax Mandate

Self-filers who are using approved NYS e-file software to prepare an Article 9-A corporation tax document must e-file and e-pay if ALL of the following conditions are met

- The corporation:
- Does not use a tax return preparer to prepare Article 9-A general business corporation and S corporation tax returns
- Uses NYS-approved e-file software to prepare Article 9-A general business corporation and S corporation tax returns
- Has broadband Internet access

Self-filers And Business Tax Mandate

- Mandated self-filers cannot opt-out of e-filing or e-payment!
- There is a $50-per-tax document penalty for failing to e-pay the amount due on a mandated return

How Corporation Tax E-File Works

Filer

Returns

Acknowledgments

Transmitter/
Software Provider

NYS DTF

Acknowledgments

Returns

IRS

To E-file:

- You don't have to submit an application to NYS to e-file your return
  - If you are a return preparer, you must be an IRS-authorized electronic return originator (ERO) and have a valid EFIN
  - In general, self-filers using software marketed to consumers do not need an EFIN
    - If your software company is acting as an online provider, itwill use its EFIN when the return is transmitted
- You must use software that is approved for New York e-filing

NYS Approved E-File Software

Product Name	Tax Years
Prosystem *fx*	2007
UltraTax CS	2006 & 2007
Proseries	2006 & 2007
Lacerte Tax	2006 & 2007
TaxWorks	2006 & 2007
Drake Software	2007
Taxwise	2007

Supported Forms (XML Data)

- CT-3
- CT-3-ATT
- CT-3-S
- CT-3-S-ATT
- CT-3M/4M
- CT-4
- CT-5
- CT-5.1
- CT-5.4
- CT-5.4
- CT-34-SH
- CT-38
- CT-43
- CT-46
- CT-46-ATT
- CT-47
- DTF-686

Supported Forms (.pdf attachments)

- CT-3-B
- CT-3-C
- CT-60-QSSS
- CT-222
- CT-324
- CT-399
- CT-600
- DTF-625
- DTF-627
- DTF-627.1
- DTF-686-ATT

New For TY 2008: You can attach a .pdf attachment listing details of repeating elements (e. g. investment capital transactions)

FAQ: Multiple Transactions

I have multiple transactions to report on an e-filed corporation tax return. Do I have to enter every transaction, or can I use summary statements?

You must provide the transaction detail for e-filed corporation tax returns. You can provide the detail by:

- Entering each transaction into your software
- Importing the data (if supported by your software)
- Transmitting .pdf attachment(s) with the transaction detail with e-filed return

Please note that the fact that a return includes multiple transactions will not be considered reasonable cause for not e-filing that return

E-Payment Required For Mandated Tax Documents

- The balance due on Article 9-A tax returns and extensions must be paid with a direct debit from a bank account
- The payment data must be submitted with the return. There is no way to make a payment after the return is filed
- Simply enter the bank routing transit number, account number, amount authorized, and the authorized date
- The payment can be “post-dated” to a date up to and including the due date of the return. We only debit the account for the amount authorized

Self-Filer Declaration And e-Signature

I declare, under penalty of perjury, that I have examined the information on this 2008 New York State electronic corporation tax return (hereafter, "return"), including any accompanying schedules, attachments, and statements, and certify that this electronic return is true, correct, and complete. If an amount owed on this return is being paid by electronic funds withdrawal, I authorize the New York State Tax Department and its designated financial agents to initiate an electronic funds withdrawal from the indicated account, and I authorize the financial institution to debit the entry to the account. By entering my name and checking the box shown below, I declare that I am an authorized officer of this corporation, that I am authorized to sign and file this electronic return on behalf of the corporation, and am in fact signing and filing this return.

_____

Enter Name

❑ ***I have read the certification above and agree***

Receipts And Acknowledgements

- NYS issues a receipt to the transmitter via the IRS when we receive the return
- We do a schema validation and front-end business rules. If the return passes these validations, we accept the return and issue an acknowledgment
  - An “accepted” acknowledgement record is transmitted in XML schema format and indicates the return and payment (if applicable) was received and has successfully completed the initial validation
  - If the return does not pass, we reject the return

Return Edits And Validations

Liability Period End Date	Tax year begin > Tax year end
Filing Composition Error	Invalid filing combination
Form Not Valid For Tax Year	Liability period incorrect
Field Is Not In Range	Negative value in a positive field
CT ELF Schema Validation Failure	Invalid schema
Invalid Bank Routing Number	Invalid bank routing number
Main Form Check Service Failure	Submission does not contain a main form
ACH Debit > Payment Enclosed	ACH debit amount > payment enclosed amount
Software vendor is not approved	Vendor not approved for e-file
Invalid Format CT34SH Schedule B	Invalid <ShareholderPartner> Format

Return Edits And Validations (Cont.)

Filing Composition Rules
Federal return required
Both pro forma and consolidated federal returns required
A main form must be included in the filing
Payment business rules
ACH Debit is the only valid payment option. A balance due return with partial payment or no payment is allowed. (The taxpayer will be billed for the balance due.)
Balance due extension not paid in full are considered invalid
If the submission is on or before the due date of the return, then the RequestedPaymentDate must be on or before the due date of the return for the current processing year
If the submission is after the due date of the return, then the RequestedPaymentDate must not be later than the date the return was received and must not be prior to five days before the date the return was received
Payment amount cannot be greater than the Payment Enclosed amount on the return (Line A on all main forms and extensions).
Signature business rules
Signature check box(es) is required

Timeliness And Resubmissions

- An electronically filed tax return is deemed to have been filed on the e-postmark date
  - The e-postmark is the time/date stamp applied by your software developer/transmitter when it receives the return
  - Timeliness is determined by the time/date in your time zone
- We do not follow the IRS 20-day perfection rule at this time
  - The IRS provides 20 days for you to correct your return but does not give you 20 days to pay
  - Since we do not have an alternative payment method, we cannot mirror the IRS

Need More Information?

- Check us out on the Web at www.nystax.gov
- Sign up for our e-file subscription service
- Call our e-file Helpline at 1-800-353-1096

Or contact me:

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