

2011 Idaho Individual E-file (EMS) Handbook

September 2011



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What's New for 2011?

- Continuing in tax year 2011, Idaho will validate the employer EIN & account/permit number on W-2s attached to income tax return. If the EIN & account/permit number combination doesn't match our database for that employer, the return will stop for review prior to issuing tax refunds. It is important to complete your W-2s and income tax W-2 information completely and correctly. Inaccurate information in the W2 fields will cause a delay in processing refunds.
- We've created a MeF reject codes matrix related to the EMS reject codes. If you would like a copy sent to you, please contact us and we'll send you one.
- Idaho conforms to the IRC as of January 1, 2011. Idaho doesn't conform to bonus depreciation for assets acquired after 2009.
- Grocery credit amounts have increased by \$10. Taxpayers who have a taxable income of \$1,000 or less now receive \$80 per exemption. Those with taxable income of more than \$1,000 receive \$60 per exemption. Taxpayers can claim an additional \$20 if they are age 65 or older on December 31, 2011. They can also make an irrevocable donation of their entire grocery credit to the Cooperative Welfare Fund.
- A new Pass-through Income Tax Withholding line was added to the Form 40 and Form 43. If pass-through withholding is claimed, Form ID-K1 is required.
- A new credit has been added for the Hire One Act Credit on the Form 40 and Form 43. If a credit is claimed, the Form 72 is required.
- A new Bonus Depreciation line has been added to the addition section of the Form 39R and Form 39NR.
- The Educational, Youth and Rehab, and Live Organ Donation Credits were moved from the Form 40 and Form 43 to the Form 39R and Form 39NR.
- Contributions to Idaho educational entities must be made in money (cash or check). The credit is limited to the smallest of
 - One-half of the amount donated,
 - 50% of the Idaho income tax, or
 - \$500
- There were multiple section changes to Form 39R and Form 39NR.
- Form 55 is no longer in use for current year filings.

Contact Information

Taxpayers, Preparers, Transmitters, and EROs

Renata Shumway, Help Desk(208) 334-7783
renata.shumway@tax.idaho.gov

Preparers, Transmitters, and EROs

Lisa Schroeder, Electronic Filing Coordinator(208) 334-7822
lisa.schroeder@tax.idaho.gov

Software Developers

Steve Thimsen, Technical Support(208) 334-7569
steve.thimsen@tax.idaho.gov

Tax Information and Forms

Toll Free.....(800) 972-7660
Boise Area.....(208) 334-7660

Idaho E-File Calendar for Tax Year 2011

PATS testing begins (in conjunction with the IRS).....November 15, 2011

Begin transmitting returns to IRS/IDAHO January 13, 2012*

Last date for timely filed return April 16, 2012

Last date for retransmitting rejected returns April 23, 2012

Last date for filing timely extension returnsOctober 16, 2012

Late date for retransmitting timely extension returnsOctober 23, 2012

***NOTE: Idaho follows the IRS e-file calendar.**

Introduction

The Idaho State Tax Commission, with the Internal Revenue Service (IRS), provides electronic filing of federal and state individual income tax returns. Federal/State e-file provides one-stop electronic filing of returns in a single transmission.

This handbook expands on IRS Publication 1345. All specifications, requirements, and instructions defined in Publication 1345 apply to the Idaho Federal/State Electronic Filing Program unless otherwise stated.

The Tax Commission accepts electronically transmitted individual income tax refund, zero balance, tax due, and direct deposit returns.

Publications

Idaho State Tax Commission

- 2011 Idaho Individual E-File (EMS) Handbook
- 2011 Idaho Individual E-File (EMS) Specifications (for Developers)
- 2011 Idaho Individual E-File (EMS) Test Scenarios

Internal Revenue Service

- Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns
- Publication 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns
- Publication 1436, Test Package for Electronic Filing of Individual Income Tax Returns

Federal/State Electronic Filing Process

How Federal/State Filing Works

Idaho returns included in the Federal/State Electronic Filing Program will be transmitted to the IRS Service Center along with the federal return. All Idaho returns must include a corresponding federal return in the unformatted records.

Once the IRS has notified the Electronic Return Originator (ERO) of successful submission, Idaho can retrieve the files from the IRS within one business day. Idaho will not receive any state data from a rejected federal return.

Note: The IRS acknowledges only that it received the state data. The IRS acknowledgment is not an indication that Idaho has “received” your state return. You must receive the Idaho acknowledgment to ensure your state return has been received.

Contact Idaho if you receive the federal acknowledgment, but no state acknowledgment.

The Idaho acknowledgment system is designed to inform transmitters that the Idaho return has been retrieved and the return is being processed by Idaho. When Idaho receives the return from the IRS, it will generate an acknowledgment record and post the record for retrieval by transmitters.

Acceptance Process

EFIN and ETIN

The IRS assigns the Electronic Filing Identification Numbers (EFIN) and Electronic Transmitter Identification Numbers (ETIN). The Tax Commission will use these same numbers in the Federal/State Electronic Filing Program.

These numbers are used in the acknowledgment system to identify preparers and transmitters.

Idaho Test Data

All participants are required to follow the IRS testing procedures for acceptance into the program. Only software developers are required to test their software with Idaho. Participants must transmit live return data using only Idaho-accepted federal/state electronic filing software.

No Approval Required

If the IRS approves you to e-file, you are automatically accepted for Idaho. We do **not** require a separate application to be submitted.

State Only and Amended Filing

Idaho supports filing of the following returns through the Federal/State Electronic Filing Management System (EMS):

- State-only
- Amended

A state-only or amended return is produced through software to build a complete state packet that includes a copy of the federal return. For an amended return, the copy of the federal return must reflect the amended federal return.

Idaho Forms Supported for E-Filing

Supporting federal returns, schedules, and attachments **are required for all electronic returns.**

1. The Tax Commission will support e-filing of the following forms:
 - Form 40 Idaho Individual Income Tax Return
 - Form 43 Idaho Part-year Resident and Nonresident Income Tax Return
 - Form 39R Idaho Supplemental Schedule (Form 40)
 - Form 39NR Idaho Supplemental Schedule (Form 43)
 - Form CG Idaho Capital Gains Deduction
 - Form 44 Idaho Business Income Tax Credits and Credit Recapture
 - Form 49 Idaho Investment Tax Credit
 - Form 49C Idaho Investment Tax Credit Carryover
 - Form 49E Property Tax Exemption Election Form
 - Form 49R Recapture of Idaho Investment Tax Credit
 - Form 56 Idaho Net Operating Loss Carryforward/Carryback
 - Form 67 Credit for Idaho Research Activities
 - Form 68 Idaho Broadband Equipment Investment Credit
 - Form 68R Recapture of Idaho Broadband Equipment Investment Credit
 - Form 69 Idaho Incentive Investment Tax Credit
 - Form 72 Idaho Hire One Act Credit
 - Form 75 Idaho Fuels Use Report
 - Miscellaneous statements
 - Form W-2
 - Form 1099R

Exclusions from Electronic Filing

In addition to the returns listed in Publication 1345 as excluded from federal electronic filing for the 2011 tax filing period, the following documents will not be accepted for electronic filing on the 2011 Idaho return:

- Prior year returns
- Noncalendar year filers

Transmitting the Idaho Electronic Return

Since the Idaho electronic return is transmitted with the federal return, the transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS, as defined in Publication 1345.

Participants in the Federal/State Electronic Filing Program must confirm with their software developer or direct transmitter that the software is capable of processing and transmitting the state data along with the federal data to the appropriate IRS service center.

Idaho Acknowledgment

Idaho participates in the combined Federal/State E-File (EMS) Acknowledgment Program.

The Tax Commission will transmit acknowledgments through the IRS EMS. Transmitters will retrieve state acknowledgments in the same way they retrieve federal acknowledgments.

Receipt Acknowledgment

Idaho provides a receipt acknowledgment for successfully retrieving returns through the IRS EMS. Idaho will reject any return submitted in the wrong format or that cannot be properly identified. If this occurs, the state will inform you of the rejection through a rejected acknowledgement. Once you correct the return, you may transmit the return as a state-only return. Be sure to confirm that your software package supports state-only transmissions. If the electronically filed Idaho return cannot be re-transmitted, you must submit a paper tax return to the Tax Commission.

Processing Acknowledgment

Idaho provides one of the following two processing acknowledgments for successfully reading returns retrieved through the IRS EMS.

Accepted – This acknowledgment indicates the electronic return was received and successfully completed the business rule validation process.

Rejected – This acknowledgment indicates the electronic return was received but failed to complete the business rule validation process. The acknowledgment will contain a reason indicating the error causing the rejection. (See Appendix A – Reject Codes).

Nonreceipt of Idaho Acknowledgment Record

Before contacting the Tax Commission, ensure that:

- You have received an IRS acknowledgment record,
- The IRS accepted the federal tax return, and
- The transmission included an Idaho state return.

Contact the Tax Commission if:

- You received Idaho acknowledgment records for some, but not all returns filed on the same day.
- You receive IRS acknowledgment records more than two working days ago, and you have not received Idaho acknowledgment records for the same tax returns.
- You receive acknowledgment records for a transmission day that follows a day in which you received no records; for example, you received acknowledgment records for Wednesday, but not for Tuesday.

Whom to Contact

To check on the status of an Idaho acknowledgment record, call (208) 334-7783. Please have the following information available when making the call:

- Electronic Filer ID Number (EFIN)
- FEIN
- Transmission Date
- Contact Name and Phone Number

Responsibilities

Electronic Filers, Transmitters, EROs

Electronic Filers, Transmitters, and EROs must abide by the terms set forth in this handbook and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the Federal/State Electronic Filing Program. They must also abide by the following requirements:

Compliance

All electronic filers must comply with the requirements and specifications in the Internal Revenue Service Publications 1345 and 1346, this handbook, and the 2011 Idaho Individual E-File Specifications.

Timeliness of Filing

Transmitters must ensure that electronic returns are filed in a timely manner. The date of the IRS acknowledgment will be considered the filing date for an electronically filed Idaho return.

Transmitters must confirm acknowledgment of the state return by the Tax Commission.

The Tax Commission will accept electronically filed Idaho returns that have been submitted for transmission to the IRS.

Responsibility to Your Clients

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility for the return's timely arrival at the Tax Commission.

Changes on the Return

If the you or the taxpayer want to make any changes after the return has been accepted and acknowledged, you can file an amended return with corrected changes if your software offers this option.

If your software doesn't offer this feature, you or the taxpayer must file a corrected return on paper. Mail Idaho returns to the following address:

Idaho State Tax Commission
PO Box 56
Boise ID 83756-0056

Handling Problems

For help with problems relating to the electronically filed state return, please call (208) 334-7783.

Postal Address Standards

Rules for Taxpayer Addresses:

- Upper case letters are preferred but not required.
- Omit punctuation, except the hyphen in the ZIP code.
- Use directional abbreviations.

Should Be:

234 NW SMITH ST

678 MAIN DR S

101 N BAY LN

599 BAY BLVD SW

127 N 12TH ST

Postal Box:

PO BOX 213

Rural Route Addresses:

RR 2 BOX 152

RFD and RD = RR

Not:

234 NORTHWEST SMITH STREET
234 NW SMITH STREET

678 MAIN DRIVE SOUTH

101 NORTH BAY LANE

599 BAY BOULEVARD SOUTHWEST

127 NORTH 12TH
127 N 12TH STREET

Not:

P O BOX 213
BOX 213

Not:

RT 2 BOX 152

Common Abbreviations:

APARTMENT	APT
BUILDING	BLDG
FLOOR	FL

DEPARTMENT	DEPT
SUITE	STE
ROOM	RM

Appendix A – Idaho State Return Reject Codes

Reject Code	Error Message
0001	Duplicate Return
0002	Missing Federal Return
0010	Form 40: Additions (line 8) and/or Subtractions (line 10) are present and Sch 39R does not exist.
0020	Form 40: Itemized deductions (line 13) and federal Sch A does not exist.
0030	Form 40: State Tax Add Back (line 14) and federal Sch A does not exist.
0040	Form 40: Cr for Income Tax Paid to Other States (line 22) is present and Sch 39R does not exist.
0050	Form 40: Total Business Credits (line 24) is present and Form 44 does not exist.
0060	Form 40: Fuels Tax Due (line 27) is present and Form 75 does not exist.
0070	Form 40: Total Tax from Recapture (line 29) is present and Form 44 does not exist.
0080	Form 40: Tax from Recapture QIE (line 30) is present and Form 49ER does not exist.
0090	Form 40: Old Age Home Credit (line 43) is present and Sch 39R does not exist.
0100	Form 40: Fuels Refund (line 44) is present and Form 75 does not exist.
0110	Form 40: Idaho Withholding (line 45) is present and W-2 or 1099 does not exist.
0200	Form 43: Wages (line 7) is present and W-2 or 1099 does not exist.
0210	Form 43: Business Income (line 11) is present and federal Sch C or CEZ does not exist.
0220	Form 43: Other Gains (line 13) is present and federal Form 4797 does not exist.
0230	Form 43: Rents (line 16) is present and federal Sch E does not exist.
0240	Form 43: Farm Income (line 17) is present and federal Sch F does not exist.
0250	Form 43: Additions (Column B line 29) is present and Sch 39NR does not exist.
0260	Form 43: Subtractions (Column B line 30) is present and Sch 39NR does not exist.
0270	Form 43: Itemized deductions (line 33) and federal Sch A does not exist.
0280	Form 43: State Tax Add back (line 34) and federal Sch A does not exist.
0290	Form 43: Cr for Income Tax Paid to Other States (line 43) is present and Sch 39NR does not exist.
0300	Form 43: Total Business Credits (line 45) is present and Form 44 does not exist.
0310	Form 43: Fuels Tax Due (line 47) is present and Form 75 does not exist.
0320	Form 43: Total Tax from Recapture (line 49) is present and Form 44 does not exist.
0330	Form 43: Tax from Recapture QIE (line 50) is present and Form 49ER does not exist.
0340	Form 43: Old Age Home Credit (line 62) is present and Sch 39NR does not exist.
0350	Form 43: Fuels Refund (line 63) is present and Form 75 does not exist.
0360	Form 43: Idaho Withholding (line 64) is present and W-2 or 1099 does not exist.
0500	Sch 39R: Idaho Capital Gains Deduction (line 10) is present and Form CG does not exist.
0510	Sch 39NR: Idaho Capital Gains Deduction (Part B, Column B, line 6) is present and Form CG does not exist.
0600	Form 44: Investment tax credit (Part 1, line 1) is present and Form 49 does not exist
0620	Form 44: Credit for Idaho research activities (Part 1, line 4) is present and Form 67 does not exist.
0630	Form 44: Broadband equipment investment credit (Part 1, line 5) is present and Form 68 does not exist.
0640	Form 44: Incentive investment tax credit (Part 1, line 6) is present and Form 69 does not exist.

0680	Form 44: Small employer investment tax credit (Part 1, line 7) is present.
0690	Form 44: Small employer real property tax credit (Part 1, line 8) is present.
0700	Form 44: Small employer new jobs tax credit (Part 1, line 9) is present.
0705	Form 44: Biofuel infrastructure investment tax credit (Part 1, line 10) is present
0710	Form 44: Tax from recapture of investment tax credit (Part 2, line 1) is present and Form 49R does not exist.
0720	Form 44: Tax from recapture of broadband equipment investment tax credit (Part 2, line 2) is present and Form 68R does not exist.
0770	Form 44: Tax from recapture of small employer investment tax credit (Part 2, line 3) is present.
0780	Form 44: Tax from recapture of small employer real property tax credit (Part 2, line 4) is present.
0790	Form 44: Tax from recapture of small employer new jobs tax credit (Part 2, line 5) is present.
0795	Form 44: Biofuel infrastructure investment tax credit (Part 2, line 6) is present
1260	Form 40 & Form 43: Hire One Credit reported and Form 72 does not exist