

IDAHO



*Handbook for
Electronic Filers of
Individual Income Tax Returns*

Tax Year 2008

CONTENTS

WHAT IS NEW FOR 2008?	2
CONTACT INFORMATION.....	3
IDAHO E-FILE CALENDAR.....	3
INTRODUCTION	4
PUBLICATIONS.....	4
FEDERAL/STATE ELECTRONIC FILING PROCESS.....	5
ACCEPTANCE PROCESS	6
EFIN AND ETIN.....	6
IDAHO TEST DATA.....	6
STATE ONLY AND AMENDED FILING	6
IDAHO FORMS AVAILABLE FOR ELECTRONIC FILING	7
EXCLUSIONS FROM ELECTRONIC FILING	8
TRANSMITTING THE IDAHO ELECTRONIC RETURN.....	8
IDAHO ACKNOWLEDGEMENT	8
NON RECEIPT OF IDAHO ACKNOWLEDGMENT RECORD	9
RESPONSIBILITIES	10
CHANGES ON THE RETURN.....	11
HANDLING PROBLEMS	11
POSTAL ADDRESS STANDARDS	12
APPENDIX A – IDAHO STATE RETURN REJECT CODES	13

WHAT IS NEW FOR 2008?

All residents may be eligible to receive the grocery credit even if gross income is below the filing requirement.

- The grocery credit has increased to \$30 per exemption if your taxable income is more than \$1000; and \$50 per exemption if your taxable income is \$1000 or less.
- Taxpayers may claim an additional \$20 if they are older than 65 on 12/31/2008
- You may make an irrevocable donation of your entire grocery credit to the Cooperative Welfare fund.

Tax rate schedule changed.

Form CCV, the credit card payment voucher has been discontinued

Idaho conforms to the federal changes made to the IRC by the “Economic Stimulus Act of 2008.” These include the following:

- Idaho Depreciation, adjusted basis, and gains or losses from the sale or exchange of property will be the same as for federal (Section 168(k), IRC);
- You can't claim the Idaho investment tax credit on the cost of the property you are allowed a deduction as bonus first-year depreciation;
- An increase in the Section 179, IRC, election to expense the cost of certain assets, and;
- An increase in the Section 280F, IRC, limitations on “luxury” auto depreciation

The Housing Assistance Tax Act of 2008 (Public Law 110-289) was signed into law by President Bush on July 30, 2008. New provisions for tax year 2008 allow non-itemizers an additional standard deduction for real property taxes up to \$500 (\$1000 for joint filer).

- ***Idaho law has not conformed to these new provisions. The Idaho Legislature will convene in January 2009 and consider conformity with the new IRC.***

CONTACT INFORMATION

Taxpayers, Preparers, Transmitters, and EROs

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Preparers, Transmitters, and EROs

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Tax Information and Forms

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

IDAHO E-FILE CALENDAR FOR TAX YEAR 2008

PATS testing begins (in conjunction with the IRS) November 12, 2008
Begin transmitting returns to IRS/IDAHO January 16, 2009
Last date for timely filed return April 15, 2009
Last date for retransmitting rejected returns April 21, 2009
Last date for filing timely extension returns October 15, 2009
Last date for retransmitting timely extension returns October 22, 2009

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 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 Idaho State Tax Commission accepts electronically transmitted individual income tax refunds, zero balance, tax due, and direct deposit returns.

PUBLICATIONS

Idaho State Tax Commission

- Idaho State Handbook for Electronic Filers of Individual Income Tax Returns. (STC-ELF-01)
- Idaho Electronic Filing System: Information for Software Developers. (STC-ELF-02)
- Idaho Electronic Filing Test Package. (STC-ELF-03)

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

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.

HOW TO HAVE YOUR NAME PUBLISHED

If you are an Idaho tax preparer and would like to be listed on our Web site as a preparer, complete and send the following information:

Name
Business Name or DBA
Mailing Address
Phone Number

Send the information to the STC by:

Mail: Idaho State Tax Commission
Attn: Linda Bray
PO Box 36
Boise Idaho 83722

E-mail: lbray@tax.idaho.gov
Fax: (208) 334-7650

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.

Once the IRS has notified the 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.

Taxpayers can expect to have their refund check mailed or deposited within two weeks from the date of acknowledgment from the Idaho State Tax Commission.

This timing depends on the following:

- The return contains no errors
- The taxpayer owes no debts that may be offset to other state or federal agencies
- Correct bank numbers and account numbers, if requesting direct deposit

ACCEPTANCE PROCESS

EFIN AND ETIN

The Internal Revenue Service assigns the EFIN (Electronic Filing Identification Number) and ETIN (Electronic Transmitter Identification Number). The Idaho State 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 Internal Revenue Service 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.

STATE ONLY AND AMENDED FILING

Idaho supports filing of the following returns through the Federal/State Electronic Filing system:

- State-only
- Amended

Idaho does support filing of “state-only and amended” returns through the Federal/State Electronic Filing system. A state-only or amended return would be produced through software to build a complete state packet with a “dummy” federal return. The dummy federal return would allow the data to pass through the Federal/State system. All W-2 and 1099 information would be included.

IDAHO forms available for electronic filing

The ISTC will support e-filing of the following forms:

- Form 39R Resident Schedule
- Form 39NR Nonresident Schedule
- Form 40 Idaho Long Form
- Form 43 Part Year/Nonresident
- Form 44 Idaho Business Income Tax Credits and Credit Recapture
- Form CG Capital Gains
- Form 49 Investment Tax Credit
- Form 49C Idaho Investment Tax Credit Carryover
- Form 49R Recapture of Idaho Investment Tax Credit
- Form 49E Idaho election to claim the Qualified Investment Exemption from Property Tax in lieu of Investment tax Credit
- Form 55 Credit for Qualifying New Employees
- 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 75 Idaho Fuels Use Report
- Miscellaneous Statements
- Forms W-2 and 1099R

NOTE: Supporting federal returns and schedules **are required for all electronic returns.**

EXCLUSIONS FROM ELECTRONIC FILING

In addition to the returns listed in Publication 1345 as excluded from federal electronic filing for the 2008 tax filing period, the following documents will not be acceptable for electronic filing with Idaho in 2008:

- Prior year returns
- Non-calendar year returns

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 Internal Revenue Service, 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 ACKNOWLEDGEMENT

Idaho participates in the combined Federal/State E-File acknowledgment program.

State acknowledgments will be transmitted by Idaho to the IRS through the EMS (Electronic Management System). Transmitters will be able to retrieve state acknowledgments in the same way as federal acknowledgments are retrieved.

Idaho will reject the state return if the transmitted data is improperly formatted and the return cannot be processed. If this occurs, the state will inform you that your return was rejected and the reason why. When the return is corrected, it may be retransmitted 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, the ERO must submit a paper tax return to the Idaho State Tax Commission.

Receipt Acknowledgement

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

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

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

NON RECEIPT OF IDAHO ACKNOWLEDGMENT RECORD

Before contacting the Idaho State 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 Idaho State Tax Commission if:

1. You received Idaho acknowledgment records for some, but not all, returns filed on the same day.
2. You receive IRS acknowledgment records more than two working days ago and you have not received Idaho acknowledgment records for the same tax returns.
3. 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) 334-7787. Please have the following information available when making the call:

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

RESPONSIBILITIES of ELECTRONIC FILERS, TRANSMITTERS, EROS

Electronic Filers, Transmitters, and Electronic Return Originators must abide by the terms set forth in the Idaho State Handbook and must maintain a high degree of integrity, compliance, and accuracy in order 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, The Idaho Handbook, and the Idaho Electronic Filing Specifications.

Timeliness of filing

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

Transmitters should confirm acknowledgment of the state return by the Idaho State Tax Commission.

Deadline for filing

The Idaho State Tax Commission will accept electronically filed Idaho returns that have been submitted for transmission to the Internal Revenue Service.

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 Idaho State Tax Commission.

CHANGES ON THE RETURN

If the transmitter or taxpayer wishes 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 does not offer this feature, 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, TAXPAYERS, PREPARERS, TRANSMITTERS and EROs may call (208) 334-7787.

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
BUILDING
FLOOR

APT
BLDG
FL

DEPARTMENT
SUITE
ROOM

DEPT
STE
RM

APPENDIX A – IDAHO STATE RETURN REJECT CODES

Reject Code	Error Message
0001	Duplicate Return
0002	Missing Federal Return
0010	Form 40: Additions (line 10) and/or Subtractions (line 12) are present and Sch 39R does not exist.
0020	Form 40: Itemized deductions (line 15) and Federal Sch A does not exist.
0030	Form 40: State Tax Addback (line 16) and Federal Sch A does not exist.
0040	Form 40: Cr for Income Tax Paid to Other States (line 24) is present and Sch 39R does not exist.
0050	Form 40: Total Business Credits (line 28) is present and Form 44 does not exist.
0060	Form 40: Fuels Tax Due (line 31) is present and Form 75 does not exist.
0070	Form 40: Total Tax from Recapture (line 33) is present and Form 44 does not exist.
0080	Form 40: Tax from Recapture QIE (line 34) is present and Form 49ER does not exist.
0090	Form 40: Old Age Home Credit (line 46) is present and Sch 39R does not exist.
0100	Form 40: Fuels Refund (line 47) is present and Form 75 does not exist.
0110	Form 40: Idaho Withholding (line 48) is present and W2 or 1099 does not exist.
0200	Form 43: Wages (line 9) is present and W2 or 1099 does not exist.
0210	Form 43: Business Income (line 13) is present and Federal Sch C or CEZ does not exist.
0220	Form 43: Other Gains (line 15) is present and Federal Form 4797 does not exist.
0230	Form 43: Rents (line 18) is present and Federal Sch E does not exist.
0240	Form 43: Farm Income (line 19) is present and Federal Sch F does not exist.
0250	Form 43: Additions (Column B line 31) is present and Sch 39NR does not exist.
0260	Form 43: Subtractions (Column B line 33) is present and Sch 39NR does not exist.
0270	Form 43: Itemized deductions (line 36) and Federal Sch A does not exist.
0280	Form 43: State Tax Addback (line 37) and Federal Sch A does not exist.
0290	Form 43: Cr for Income Tax Paid to Other States (line 46) is present and Sch 39NR does not exist.
0300	Form 43: Total Business Credits (line 50) is present and Form 44 does not exist.
0310	Form 43: Fuels Tax Due (line 52) is present and Form 75 does not exist.
0320	Form 43: Total Tax from Recapture (line 54) is present and Form 44 does not exist.
0330	Form 43: Tax from Recapture QIE (line 55) is present and Form 49ER does not exist.

0340	Form 43: Old Age Home Credit (line 65) is present and Sch 39NR does not exist.
0350	Form 43: Fuels Refund (line 66) is present and Form 75 does not exist.
0360	Form 43: Idaho Withholding (line 67) is present and no W2 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
0610	Form 44: Credit for qualifying new employees (Part I, line 4) is present and Form 55 does not exist
0620	Form 44: Credit for Idaho research activities (Part 1, line 5) is present and Form 67 does not exist.
0630	Form 44: Broadband equipment investment credit (Part 1, line 6) is present and Form 68 does not exist.
0640	Form 44: Incentive investment tax credit (Part 1, line 7) is present and Form 69 does not exist.
0680	Form 44: Small employer investment tax credit (Part 1, line 8) is present.
0690	Form 44: Small employer real property tax credit (Part 1, line 9) is present.
0700	Form 44: Small employer new jobs tax credit (Part 1, line 10) is present.
0705	Form 44: Biofuel infrastructure investment tax credit (Part 1, line 11) 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