

# 2016 Idaho E-File (MeF) Handbook

November 2016



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## Introduction

The Idaho State Tax Commission, in conjunction with the Internal Revenue Service (IRS), accepts state individual, corporation, S corporation, partnership, and fiduciary income tax returns and corresponding forms for tax year 2016 through the Modernized E-File system (MeF). The accepted forms are identified in the “Idaho Forms Supported for E-Filing” section.

This handbook expands on the applicable IRS publications listed below. All specifications, requirements, and instructions defined in these publications apply to the Idaho Federal/State Electronic Filing (MeF) Program unless otherwise stated.

The Tax Commission accepts electronically transmitted individual, corporation, S corporation, partnership, and fiduciary income tax refund, zero balance, and tax due returns. Direct deposit isn’t available for e-filed business returns.

### **New this year:**

Idaho requires vendors to participate in the FTA State Exchange to obtain LOI and MeF testing materials. This process is explained in the “Acceptance and Participation” section of this document (page 3).

This year, Idaho is conforming to the EStandards Header Standardization, requiring all headers to be updated. The new Authentication Header schema has been added for Business and Individual returns. The Fiduciary Header schema has also been updated to include a choice gate between PIN and Fiduciary Pin.

Idaho will also retain the miscellaneous explanation from TY2015 Form 75 schema. It will not be used for TY2016 and has been marked “reserved” for future needs.

Idaho’s Form 41s has moved line 17 (“Bonus depreciation. Include a schedule”) from the Income section to the additions section. Vendors will also need to update the calculation for line 18 (“Net distributable income. Add lines 13 through 17”) and line 23 (“Add lines 19 through 22”).

Idaho will be accepting the 1040NR as part of the Individual 1040 family.

## Contact Information

### **Taxpayers, Preparers, Transmitters, and EROs**

#### **Individual & Business Income tax**

**E-File Help Desk**.....(208) 332-6632  
efilehelp@tax.idaho.gov

#### **Individual & Business Income tax**

#### **E-File Coordinators**

Auston Holmes.....(208) 334-5360  
efilecoordinator@tax.idaho.gov

#### **Tax Information and Forms**

Toll Free..... (800) 972-7660

## Idaho MeF Calendar for Tax Year 2016

ATS testing begins (in conjunction with the IRS).....October 31, 2016  
Begin transmitting returns to IRS/Idaho..... January 17, 2017

**NOTE: Idaho follows the IRS MeF calendar.**

## Publications

### Idaho State Tax Commission

- 2016 Idaho Business and Individual E-File (MeF) Handbook

### Internal Revenue Service

- Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns
- Publication 1436, Test Package for Electronic Filers of Individual Tax Returns
- Publication 3112, Applying and Participating in IRS e-file
- Publication 5078, Modernized e-file Test Package Business Submissions
- Publication 4163, Modernized e-file (MeF) Information for Authorized IRS e-file Providers for Business Returns
- Publication 4164, Modernized e-file (MeF) Guide for Software Developers and Transmitters

## Acceptance and Participation

For tax year 2016, we're following national E-Standards protocol. We've updated our Letter of Intent (LOI) and have changed the process for providing our MeF specifications, schemas, and test packets to vendors. Our new process involves granting the vendor access to Idaho's LOI via the FTA State Exchange System. Vendors will then complete pages 1-5, 7, and 10 of the LOI and submit the document to the Tax Commission at [mefesting@tax.idaho.gov](mailto:mefesting@tax.idaho.gov). Upon approval of the LOI, Idaho will grant the vendor access to the MeF specifications, schemas, and test packets through the FTA State Exchange System.

## Federal/State Electronic Filing (MeF) Process

### How Federal/State MeF Filing Works

Idaho returns included in the Federal/State Electronic Filing (MeF) Program will be transmitted to the IRS Service Center along with the federal return. All Idaho returns must include a **complete copy** of the federal return to include all PDF attachments, forms, and schedules.

Once the IRS has notified the Electronic Return Originator (ERO) of successful submission, Idaho can retrieve the files from the IRS. Idaho won't receive any state data from a rejected federal return.

**Note:** The IRS acknowledges only that it received the state data. The IRS acknowledgment isn't an indication that Idaho has "received" your state return. You must receive the Idaho acknowledgment to ensure your state return has been received.

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 a receipt acknowledgment record. Idaho will also generate a processing acknowledgement to indicate if the return was accepted or rejected. This record will be available for retrieval by transmitters after one business day.

Contact Idaho if you receive the federal acknowledgment, but no state acknowledgment, after two business days. See “Who to Contact,” page 7.

## Acceptance Process

### EFIN and ETIN

The IRS assigns the Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (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.

## State-Only, Short-Period, Fiscal, and Amended Filing

Idaho supports filing of the following returns through the Federal/State Electronic Filing (MeF) Program:

- State-only
- Amended and Prior Year
  - Business: Tax years 2014, 2015, and 2016
  - Individual: Tax years 2014, 2015, and 2016
- Fiscal (tax period must match federal filing)
- Short-period (tax period must match federal filing)

A state-only, amended, fiscal, or short-period 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 PDF attachments **are required for all electronic returns.**

1. The Tax Commission will support e-filing (MeF) of the following forms:

- Form 40 Idaho Individual Income Tax Return
- Form 41 Idaho Corporation Income Tax Return
- Form 41S Idaho S Corporation Income Tax Return
- Form 43 Idaho Part-Year Resident and Nonresident Income Tax Return
- Form 65 Idaho Partnership Return of Income
- Form 66 Idaho Fiduciary Income Tax Return

- Form 39R Idaho Supplemental Schedule (Form 40)
- Form 39NR Idaho Supplemental Schedule (Form 43)
- Form 42 Idaho Supplemental Schedule for Multistate & Multinational Businesses
- Form 44 Idaho Business Income Tax Credits and Credit Recapture
- Form 49 Idaho Investment Tax Credit
- Form 49C Idaho Investment Tax Credit Carryover
- Form 49R Recapture of Idaho Investment Tax Credit
- Form 55 Idaho 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 71 Idaho Biofuel Infrastructure Investment Tax Credit
- Form 71R Recapture of Idaho Biofuel Infrastructure Investment Tax Credit
- Form 75 Idaho Fuels Use Report
- Form CG Idaho Capital Gains Deduction
- Form ID K-1 Partner's, Shareholder's, or Beneficiary's Share of Idaho Adjustments, Credits, Etc.
- PTE-12 Idaho Schedule For Pass-Through Owners
- Investment Tax Credit (ITC) Equipment List

2. The Tax Commission will support PDF attachments of the following forms:

- Form 41A Supplemental Schedule of Affiliated Entities
- Form 41ESR Underpayment of Estimated Tax
- Form 49E Property Tax Exemption Election Form
- Form 49ER Recapture of Qualified Investment Exemption from Property Tax
- Form 70 Idaho Statement of Credit Transfer
- Form 75-IMV Idaho Fuels Tax Refund Worksheet - Intrastate Motor Vehicles
- Form 75-IC Idaho Fuels Tax Refund Worksheet - IFTA Licensees
- Form 402 Idaho Individual Apportionment for Multistate Businesses
- Form 56 Idaho Net Operating Loss Carryforward/Carryback
- Investment Tax Credit (ITC) Equipment List
- Combined Reporting Spreadsheet
- Other States' Returns
- Reimbursement Incentive Credit Certificate

3. The Tax Commission will accept the following return types:

- Fed/State (linked): An original federal return submitted with one original state return
- State only (unlinked): A state return submitted with a copy of the federal return
- Amended return
- Fiscal return (tax period must match federal filing)
- Short-period return (tax period must match federal filing)

4. Amounts that require a description:

- Interest and dividends not taxable under the Internal Revenue Code (IRC)
- Taxes measured by net income
- Interest on U.S. government obligations

- Nonbusiness income
- Nonbusiness expense offset
- Income allocated to Idaho
- Income Derived from Idaho Sources
- Capital Gain or Loss
- Income exempt from Idaho tax
- Additions – bonus depreciation (e.g. Form 4562)
- Sub-bonus depreciation (e.g. Form 4562)
- Other additions
- Other subtractions
- Other income
- Other deductions
- Pass-through share of credit from partnership, S corporation, estate, or trust (Form 49)

## **Exclusions from Electronic Filing**

In addition to the returns listed in IRS publications as excluded from federal electronic filing for the 2015 tax filing period, the following documents will not be accepted for electronic filing in Idaho in 2016:

- Prior year returns
  - Business: tax years before 2014
  - Individual: tax years before 2014
- Form 84
- Form 84R
- Form 85
- Form 85R
- IAT transactions will not be processed. Paper checks will be sent to taxpayers who indicate the ultimate destination of a direct deposit refund is a foreign bank.

## **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.

Participants in the Federal/State Electronic Filing (MeF) 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 Acknowledgments**

The Tax Commission will generate an acknowledgment of acceptance or rejection for all returns received. The acknowledgment record will be in a format approved and agreed upon by the IRS, state agencies, transmitters, and software developers. Transmitters and software developers should allow two business days to receive the state acknowledgment before contacting the Tax Commission.

## **Receipt Acknowledgment**

Idaho provides a receipt acknowledgment for successfully retrieving returns through the IRS MeF system. 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 an acknowledgment. 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 can't 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 MeF system.

**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 – 2016 Idaho Business and Individual E-File (MeF) 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,
- The transmission included an Idaho state return, and
- You have the submission ID.

Contact the Tax Commission if:

- You received IRS acknowledgment records more than two working days ago, and you have not received Idaho acknowledgment records for the same tax returns.

### **Who to Contact**

To check on the status of an Idaho acknowledgment record, call the E-File Help Desk at (208) 332-6632. Please have the following information available when making the call:

- Electronic Filer ID Number (EFIN)
- Federal EIN
- Transmission date
- Submission ID
- Your contact name and phone number

## **Responsibilities**

### **Electronic Filers, Transmitters, EROs**

Electronic Filers, Transmitters, and Electronic Return Originators (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 IRS publications, this handbook, and the 2016 Idaho Business and Individual E-File (MeF) 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 transmitter or taxpayer wants to make any changes after the return has been accepted and acknowledged, the transmitter or taxpayer can e-file an amended return with corrected changes if the software offers this option.

If the software does not offer this feature, the transmitter or taxpayer must file an amended return with corrected changes on paper. Mail Idaho returns to the following address:

Idaho State Tax Commission  
Attn: TP Accounting  
PO Box 36  
Boise Idaho 83722

## **Handling Problems**

For help with problems relating to the electronically filed state return, please call the E-File Help Desk at (208) 332-6632.

## 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

#### Common Abbreviations:

APARTMENT	APT
BUILDING	BLDG
DEPARTMENT	DEPT

#### 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

FLOOR	FL
ROOM	RM
SUITE	STE

## Appendix A – 2016 Idaho Business and Individual E-File (MeF) Reject Codes

Reject Code	Error Message	Notes
0001	Duplicate Submission ID	
0002	Missing copy of federal tax return	
0003	Missing form type indicator (41/41S/ 65/66/40/43)	
0004	Return includes a value in both the tax due <ul style="list-style-type: none"> <li>• Form 41, line 57</li> <li>• Form 41S, line 63</li> <li>• Form 65, line 59</li> <li>• Form 66, line 28</li> <li>• Form 40, line 50</li> <li>• Form 43, line 70</li> </ul> and overpayment <ul style="list-style-type: none"> <li>• Form 41, line 60</li> <li>• Form 41S, line 66</li> <li>• Form 65, line 62</li> <li>• Form 66, line 31</li> <li>• Form 40, line 53</li> <li>• Form 43, line 73</li> </ul>	* If the return is a “zero balance due,” report “0” in the tax due field.
0005	Manifest Form Type doesn't match XML Form Type	
0006	ETIN not valid for this Form Type/Form Year	
0007	Duplicate EIN or SSN for the same tax period	
0008	Missing Schedule A values on Form 66 with boolean selected on <ul style="list-style-type: none"> <li>• Nonresident</li> <li>• Part-year resident</li> </ul>	
<b>Missing electronically filed returns with value in appropriate field:</b>		
0210	Missing federal Schedule C or CEZ with value on <ul style="list-style-type: none"> <li>• Form 43, line 11</li> </ul>	
0220	Missing federal Form 4797 with value on <ul style="list-style-type: none"> <li>• Form 43, line 13</li> </ul>	
0230	Missing federal Schedule E with value on <ul style="list-style-type: none"> <li>• Form 43, line 16</li> </ul>	
0240	Missing federal Schedule F with value on <ul style="list-style-type: none"> <li>• Form 43, line 17</li> </ul>	
0270	Missing federal Schedule A with value on <ul style="list-style-type: none"> <li>• Form 40, line 13</li> <li>• Form 43, line 33</li> </ul>	
0280	Missing federal Schedule A with value on <ul style="list-style-type: none"> <li>• Form 40, line 14</li> <li>• Form 43, line 34</li> </ul>	
0290	Missing Form 39R or 39NR with value on <ul style="list-style-type: none"> <li>• Form 40, line 22</li> <li>• Form 43, line 43</li> </ul>	
0340	Missing Form 39R or 39NR with value on <ul style="list-style-type: none"> <li>• Form 40, line 43</li> <li>• Form 43, line 63</li> </ul>	

0500	Missing Idaho Form CG with value on <ul style="list-style-type: none"> <li>Form 39R, Part B, line 10</li> <li>Form 39NR, Part B, line 6</li> </ul>	
1000	Missing Form 42 with value less than 100% on <ul style="list-style-type: none"> <li>Form 41, line 33</li> <li>Form 41S, line 37</li> <li>Form 65, line 35</li> </ul>	
0600	Missing Form 49 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, line 1, Column A</li> </ul>	
0710	Missing Form 49R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, line 1</li> </ul>	
0610	Missing Form 55 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, line 4, Column A</li> </ul>	
0620	Missing Form 67 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, line 5, Column A or Column B</li> </ul>	
0630	Missing Form 68 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, line 6, Column A or Column B</li> </ul>	
0720	Missing Form 68R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, line 2</li> </ul>	
1200	Missing Form 71 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, line 11 Column A or Column B</li> </ul>	
1210	Missing Form 71R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, line 6</li> </ul>	
1260	Missing Form 72 with value on Form 41, line 55 Form 41S, line 61 Form 65, line 57 Form 66, line 26 Form 40, line 48 Form 43, line 67	The reject code and line #s apply to TY 2012 and 2013
1270	Missing PTE-12	The reject code applies to TY 2012 and 2013
1280	Missing Form ID-K1 with value on Form 40 line 47 Form 43 line 67	
1290	Missing Form PTE-12 with value on Form 41S line 40 Form 65 line 38	
1300	Missing Form PTE-12 with value on Form 41S line 41 Form 65 line 39 Form 66 line 5	
1310	Missing Form PTE-12 with value on Form 41S line 42 Form 65 line 40 Form 66 line 14	
1320	Missing Form PTE-12 with value on Form 41S line 43 Form 65 line 41	
	<b>Missing binary attachments with value in appropriate field:</b>	<b>PDF Attachment</b>
1020	Form 49E with value on <ul style="list-style-type: none"> <li>Form 41, line 9</li> <li>Form 41S, line 12</li> <li>Form 65, line 10</li> </ul>	Form_49E_01

1030	Form 49ER with value on <ul style="list-style-type: none"> <li>Form 41, line 48</li> <li>Form 41S, line 54</li> <li>Form 65, line 51</li> <li>Form 66, line 20</li> <li>Form 40, line 30</li> <li>Form 43, line 50</li> </ul>	Form_49ER_01
1050	Form 75-IMV with value on <ul style="list-style-type: none"> <li>Form 75, Section III, line 4,6, or 14</li> </ul>	Form_75IMV_01
1060	Form 75-IC with value on <ul style="list-style-type: none"> <li>Form 75, Section III, line 5 or 13</li> </ul>	Form_75IC_01
1070	Form 41ESR with value on <ul style="list-style-type: none"> <li>Form 41, line 50</li> <li>Form 41S, line 56</li> </ul>	Form_41ESR_01
1160	Combined reporting spreadsheet with value and Form 41A Supplemental Schedule Of Affiliated Entities <ul style="list-style-type: none"> <li>Form 41, line 7</li> </ul>	Form_41A_01 and Comb_Report_Sheet_0001
1240	Investment tax credit <ul style="list-style-type: none"> <li>Form 49, line Part I Line 1</li> </ul>	ITC_equipment_01 or ITC equip_list_01 or Misc_Stmt_01
1250	Credit for Taxes Paid to Other State <ul style="list-style-type: none"> <li>Form 43, line 43</li> </ul>	OtherState_Return_01
0510	Reimbursement Incentive Act Credit <ul style="list-style-type: none"> <li>Form 40, line 48</li> <li>Form 41, line 55</li> <li>Form 41S, line 61</li> <li>Form 43, line 68</li> <li>Form 65, line 57</li> <li>Form 66, line 26</li> </ul>	Reimburse_Credit_01
<b>Missing description element within EntityDetailType with value in appropriate field:</b>		
1110	Interest on U.S. Government obligations statement with value on <ul style="list-style-type: none"> <li>Form 41, line 21</li> <li>Form 41S, line 25</li> <li>Form 65, line 23</li> </ul>	
1120	Nonbusiness income statement with value on <ul style="list-style-type: none"> <li>Form 41, line 25</li> <li>Form 41S, line 29</li> <li>Form 65, line 27</li> </ul>	
1130	Nonbusiness expense statement with value on <ul style="list-style-type: none"> <li>Form 41, line 26</li> <li>Form 41S, line 30</li> <li>Form 65, line 28</li> </ul>	
1150	Income allocated to Idaho statement with value on <ul style="list-style-type: none"> <li>Form 41, line 35</li> <li>Form 41S, line 39</li> <li>Form 65, line 37</li> </ul>	