

2008

IDAHO HANDBOOK

FOR

ELECTRONIC FILERS

OF

BUSINESS INCOME TAX RETURNS

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CONTACT INFORMATION

**Taxpayers, 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, 2008  
Begin transmitting returns to IRS/IDAHO .....January 5, 2009

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

## INTRODUCTION

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

This handbook expands on IRS Publication 4163. All specifications, requirements, and instructions defined in Publication 4163 apply to the Idaho Federal/State electronic filing program unless otherwise stated.

The Idaho State Tax Commission accepts electronically transmitted Corporate, S-Corporate and Partnership income tax refunds, zero balance, and tax due.

## PUBLICATIONS

### **Idaho State Tax Commission**

- 2008 Idaho Handbook for Electronic Filers of Business Income Tax Returns. (STC-BUSEFILE-01)
- Idaho Business Income Tax. Electronic Filing Specifications (for Developers) (EPB00070)

### **Internal Revenue Service**

- Publication 3112, *IRS e-file Application and Participation*
- Publication 4163, *Modernized e-file Handbook for Authorized e-file Providers for Form 1120, 1120S, and 1065*
- Publication 4162, *Modernized e-file Test Package for Forms 1120/1120S*
- Publication 4164, *Modernized e-file Guide for Software Developers and Transmitters*

## 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](mailto: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.

## 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, SHORT PERIOD AND AMENDED FILING

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

- State-only
- Amended
- Short period

A state-only, amended, 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 available for electronic filing

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

1. The ISTC will support e-filing of the following forms:
  - Form 41 Idaho Corporation Income Tax Return
  - Form 41S Idaho S Corporation Income Tax Return
  - Form 65 Idaho Partnership Income Tax Return
  - 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 69 Idaho Broadband Equipment Investment Credit
  - Form 69R 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
  
2. The ISTC will support PDF attachments of the following forms:
  - Form 41A Supplemental Schedule of Affiliated Entities
  - 41ESR Combined Reporting Spreadsheet
  - 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 75IC Fuels Tax Refund Worksheet for IFTA Licensees
  - ITC equipment list
  
3. Amounts that require a description:
  - Interest and dividends not taxable under the IRS
  - Taxes measured by net income
  - Other additions
  - Interest on U.S. Government obligations
  - Non business income

- Non business expense offset
- Sub bonus depreciation (e.g. Form 4562)
- Other subtractions
  - Income allocated to Idaho

4. The ISTC will accept the following return types:

- Fed/State: An original federal return submitted with one original state return.
- State only: A state return submitted with a copy of the federal return.
- Amended return
- Short period return

## EXCLUSIONS FROM ELECTRONIC FILING

In addition to the returns listed in Publication 4164 as excluded from federal electronic filing for the 2008 tax filing period, the following documents will not be acceptable for electronic filing on the 2008 Idaho return:

- Prior year returns before 2007
- Form 84
- Form 84R
- Form 85
- Form 85R

## 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 4164*.

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.

The Idaho State Tax Commission will transmit acknowledgments through the IRS MeF (Modernized eFiling) system. Transmitters will retrieve state acknowledgments in the same way they retrieve federal acknowledgments.

### **Receipt Acknowledgement**

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 a rejected acknowledgement. Once the preparer corrects the return, the preparer 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, the ERO must submit a paper tax return to the Idaho State 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 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

### **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 4163 and 4164*, 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

<b><u>Reject Code</u></b>	<b><u>Error Message</u></b>	
0001	Duplicate Submission ID	
0002	Missing copy of federal tax return	
0003	Missing form type indicator (41 / 41S / 65)	
0004	Return includes a value in both the tax due <ul style="list-style-type: none"> <li>• Form 41 line 56,</li> <li>• Form 41S line 61,</li> <li>• Form 65 line 56) and</li> </ul> Overpayment <ul style="list-style-type: none"> <li>• Form 41 line 59,</li> <li>• Form 41S line 64,</li> <li>• Form 65 line 59) fields</li> </ul> * If the return is a “zero balance due” report “0” in the tax due field.	
0007	Duplicate EIN for the same tax period	
	<b>Missing electronically filed returns with value in appropriate field:</b>	
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>	
0050	Missing Form 44 with value on <ul style="list-style-type: none"> <li>• Form 41, Line 41 or 45</li> <li>• Form 41S, Line 46 or 51</li> <li>• Form 65, Line 44 or 48</li> </ul>	
0060	Missing Form 75 with value on <ul style="list-style-type: none"> <li>• Form 41, Line 47 or 54</li> <li>• Form 41S, Line 52 or 59</li> <li>• Form 65, Line 49 or 54</li> </ul>	
0600	Form 49 with value on <ul style="list-style-type: none"> <li>• Form 44, Part I, Line 1, Column A</li> </ul>	
1010	Form 49C with value on <ul style="list-style-type: none"> <li>• Form 44, Part I, Line 1, Column B</li> </ul>	
0710	Form 49R with value on <ul style="list-style-type: none"> <li>• Form 44, Part II, Line 1</li> </ul>	
0610	Form 55 with value on <ul style="list-style-type: none"> <li>• Form 44, Part I, Line 4, Column A</li> </ul>	
0620	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	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	Form 68R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, Line 2</li> </ul>	
0640	Form 69 with value on <ul style="list-style-type: none"> <li>Form 44, Part I, Line 7, Column A or Column B</li> </ul>	
0730	Form 69R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, Line 3</li> </ul>	
1200	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	Form 71R with value on <ul style="list-style-type: none"> <li>Form 44, Part II, Line 7</li> </ul>	
	<b>Missing binary attachments with value in appropriate field:</b>	<b>PDF Attachment Description</b>
1020	Form 49E with value on <ul style="list-style-type: none"> <li>Form 41, Line 10</li> <li>Form 41S, Line 13</li> <li>Form 65, Line 11</li> </ul>	Form_49E_01
1030	Form 49ER with value on <ul style="list-style-type: none"> <li>Form 41, Line 49</li> <li>Form 41S, Line 54</li> <li>Form 65, Line 51</li> </ul>	Form_49ER_01
1050	Form 75IMV 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 75IC 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 51</li> <li>Form 41S, Line 56</li> </ul>	Form_41ESR_01
1160	Combined reporting spreadsheet with value and <b>Form 41A Supplemental Schedule Of Affiliated Entities</b> <ul style="list-style-type: none"> <li>Form 41, Line 8</li> </ul>	Form_41A_01

	<b>Missing Description element within EntityDetailType with value in appropriate field:</b>	
1110	Interest on US 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>	

