IDAHO
State Tax Commission

2013 Idaho
E-File (MeF) Handbook

December 2013

tax.idaho.gov

EPB00070 12-18-2013

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Introduction

The Idaho State Tax Commission, in conjunction with the Internal Revenue Service (IRS), accepts state individual, corporate, S corporate, partnership, and fiduciary income tax returns and corresponding forms for tax year 2013 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, corporate, S-corporate, 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: The Idaho State Tax Commission has modified the PTE-12 to add three new columns, Idaho Exempt Income, Withholding, and Composite. The Form PTE-12 is a schedule used by Pass-through entities to detail their treatment of pass-through owner income and determine the correct tax due on the Form 41S, Form 65, and Form 66. The Form PTE-12 instructions have been updated to include a detailed explanation of how pass-through entities should report their owner's income. The Form 41S and Form 65 have been modified to receive appropriate PTE-12 column totals.

The Idaho State Tax Commission will now reject a Form 43 return with credit for taxes paid to other states without a PDF attachment of the other states tax return. If the Idaho return has an entry on form 39NR credit for taxes paid to other states, you will need to attach a PDF copy of the other states return to the Idaho e-file return. This eliminates the need to send a paper copy of the other states return to the tax commission unless requested.

Idaho will continue to validate the employer EIN & account/permit number on W-2s attached to income tax returns. 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 accurately. Inaccurate information in the W2 fields will cause a delay in processing refunds.

Contact Information

Taxpayers, Preparers, Transmitters, and EROs

Individual Income tax

Lisa Schroeder..... (208) 334-7822
lisa.schroeder@tax.idaho.gov

Tax Information and Forms

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

Idaho MeF Calendar for Tax Year 2013

ATS testing begins (in conjunction with the IRS).....November 4, 2013
Begin transmitting returns to IRS/Idaho..... January 31, 2014

NOTE: Idaho follows the IRS MeF calendar. Idaho does not support the Federal Legacy contingency plan.

Publications

Idaho State Tax Commission

- 2013 Idaho Business and Individual E-File (MeF) Handbook
- 2013 Idaho Business and Individual E-File (MeF) Specifications

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, IRS e-file Application and Participation
- Publication 4162, Modernized e-file Test Package for Forms 1120/1120S
- Publication 4163, Modernized e-file Handbook for Authorized e-file Providers for Form 1120, 1120S, and 1065
- Publication 4164, Modernized e-file Guide for Software Developers and Transmitters
- Publication 4505, Modernized e-file Test Package for Forms 1065/1065-B

Acceptance and Participation

If the IRS approves you to e-file, you're automatically accepted for Idaho. We don't require a separate application to be submitted. Idaho will accept returns electronically from any IRS approved software provider. Software providers will work in a cooperative partnership effort with the Tax Commission.

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 one business day.

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 2011, 2012, and 2013
    - Individual: Tax years 2011, 2012, and 2013
- 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 69 Idaho Incentive Investment Tax Credit
- Form 71 Idaho Biofuel Infrastructure Investment Tax Credit
- Form 71R Recapture of Idaho Biofuel Infrastructure Investment Tax Credit
- Form 72 Idaho Hire One Act Credit
- Form 72-S Idaho Hire One Act Credit Supplemental Schedule
- 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 Nonelecting Owners
- ITC Equipment List Idaho Tax Commission 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
   - ITC equipment list Idaho Tax Commission Equipment List
   - Combined Reporting Spreadsheet
   - Other States Return

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

Exclusions from Electronic Filing

In addition to the returns listed in IRS publications as excluded from federal electronic filing for the 2013 tax filing period, the following documents will not be accepted for electronic filing in Idaho in 2013:

- Prior year returns
    - Business: tax years before 2011
    - Individual: tax years before 2011
- 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 one business day 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 – 2013 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 receive IRS acknowledgment records more than two working days ago, and you have not received Idaho acknowledgment records for the same tax returns.

Whom to Contact

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

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

Responsibilities

Electronic Filers, Transmitters, EROs

Electronic Filers, Transmitters, and Electronic Return Originators (ERO) 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 2013 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 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 (208) 334-7822.

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:	**Not:**
234 NW SMITH ST	234 NORTHWEST SMITH STREET 234 NW SMITH STREET
678 MAIN DR S	678 MAIN DRIVE SOUTH
101 N BAY LN	101 NORTH BAY LANE
599 BAY BLVD SW	599 BAY BOULEVARD SOUTHWEST
127 N 12TH ST	127 NORTH 12TH 127 N 12TH STREET

Postal Box:	**Not:**
PO BOX 213	P O BOX 213 BOX 213

Rural Route Addresses:	**Not:**
RR 2 BOX 152 RFD and RD = RR	RT 2 BOX 152

Common Abbreviations:

APARTMENT	APT	FLOOR	FL
BUILDING	BLDG	ROOM	RM
DEPARTMENT	DEPT	SUITE	STE

Appendix A – 2013 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 • Form 41, line 57 • Form 41S, line 63 • Form 65, line 59 • Form 66, line 28 • Form 40, line 50 • Form 43, line 69 and overpayment • Form 41, line 60 • Form 41S, line 66 • Form 65, line 62 • Form 66, line 31 • Form 40, line 53 • Form 43, line 72	* 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	
	Missing electronically filed returns with value in appropriate field:	
0210	Missing federal Schedule C or CEZ with value on • Form 43, line 11	
0220	Missing federal Form 4797 with value on • Form 43, line 13	
0230	Missing federal Schedule E with value on • Form 43, line 16	
0240	Missing federal Schedule F with value on • Form 43, line 17	
0270	Missing federal Schedule A with value on • Form 40, line 13 • Form 43, line 33	
0280	Missing federal Schedule A with value on • Form 40, line 14 • Form 43, line 34	
0290	Missing Form 39R or 39NR with value on • Form 40, line 22 • Form 43, line 43	
0340	Missing Form 39R or 39NR with value on • Form 40, line 43 • Form 43, line 62	
0500	Missing Idaho Form CG with value on • Form 39R, Part B, line 10 • Form 39NR, Part B, line 6	
1000	Missing Form 42 with value less than 100% on • Form 41, line 33 • Form 41S, line 37	

	• Form 65, line 35	
0600	Missing Form 49 with value on • Form 44, Part I, line 1, Column A	
0710	Missing Form 49R with value on • Form 44, Part II, line 1	
0610	Missing Form 55 with value on • Form 44, Part I, line 4, Column A	
0620	Missing Form 67 with value on • Form 44, Part I, line 5, Column A or Column B	
0630	Missing Form 68 with value on • Form 44, Part I, line 6, Column A or Column B	
0640	Missing Form 69 with value on • Form 44, Part I, line 7, Column A or Column B	
0720	Missing Form 68R with value on • Form 44, Part II, line 2	
1200	Missing Form 71 with value on • Form 44, Part I, line 11 Column A or Column B	
1210	Missing Form 71R with value on • Form 44, Part II, line 6	
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	
1270	Missing PTE-12	
1280	Missing Form ID-K1 with value on Form 40 line 47 Form 43 line 66	
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	
1310	Missing Form PTE-12 with value on Form 41S line 42 Form 65 line 40	
1320	Missing Form PTE-12 with value on Form 41S line 43 Form 65 line 41	
	Missing binary attachments with value in appropriate field:	**PDF Attachment**
1020	Form 49E with value on • Form 41, line 9 • Form 41S, line 12 • Form 65, line 10	Form_49E_01
1030	Form 49ER with value on • Form 41, line 48 • Form 41S, line 54 • Form 65, line 51 • Form 66, line 20 • Form 40, line 30	Form_49ER_01

	• Form 43, line 50	
1050	Form 75-IMV with value on • Form 75, Section III, line 4,6, or 14	Form_75IMV_01
1060	Form 75-IC with value on • Form 75, Section III, line 5 or 13	Form_75IC_01
1070	Form 41ESR with value on • Form 41, line 50 • Form 41S, line 56	Form_41ESR_01
1160	Combined reporting spreadsheet with value and Form 41A Supplemental Schedule Of Affiliated Entities • Form 41, line 7	Form_41A_01 and Comb_Report_Sheet_0001
1240	Investment tax credit • Form 49, line Part I Line 1	ITC equipment data or Misc_Stmt_01
1250	Credit for Taxes Paid to Other State • Form 43, line 43	OtherState_Return_01
Missing description element within EntityDetailType with value in appropriate field:		
1110	Interest on U.S. Government obligations statement with value on • Form 41, line 21 • Form 41S, line 25 • Form 65, line 23	
1120	Nonbusiness income statement with value on • Form 41, line 25 • Form 41S, line 29 • Form 65, line 27	
1130	Nonbusiness expense statement with value on • Form 41, line 26 • Form 41S, line 30 • Form 65, line 28	
1150	Income allocated to Idaho statement with value on • Form 41, line 35 • Form 41S, line 39 • Form 65, line 37	