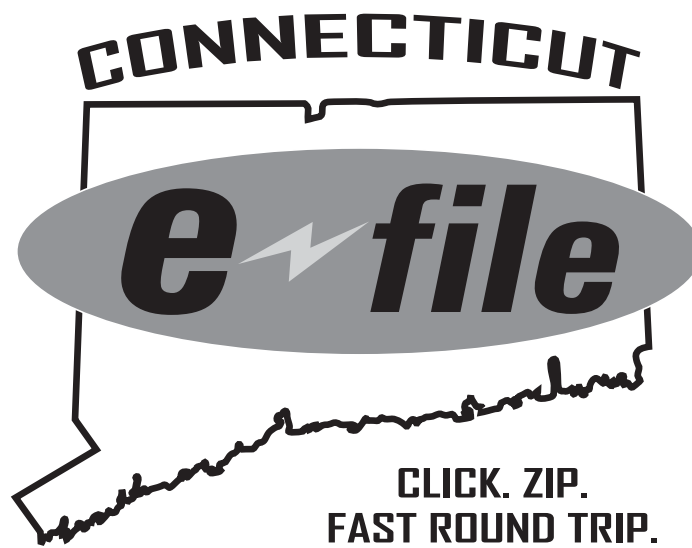


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Federal/State Electronic Filing Handbook



**Informational Publication 2012(25)
Issued: 02/2013**

State of Connecticut

Department of Revenue Services

25 Sigourney St Ste 2

Hartford CT 06106



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Calendar

The IRS dates had not been published as of February 7, 2013.

For Taxable Period January 1, 2012, Through December 31, 2012

Begin PATS Testing.....	November 9, 2012
Begin transmitting live IRS e-file returns	January 30, 2013
Last date for transmitting timely-filed returns	April 15, 2013*
Last date for re-transmitting rejected timely filed returns	April 19, 2013*
Last date for transmitting late returns or returns filed on extension	October 15, 2013*
Last date for re-transmitting rejected returns	October 19, 2013*

* Estimated dates. Visit www.irs.gov for the the most current dates.

I. Introduction

The Connecticut Federal/State Electronic Filing (*e-file*) Program is a coordinated tax filing program between the Internal Revenue Service (IRS) and the Connecticut Department of Revenue Services (DRS). The *e-file* program offers Connecticut taxpayers the opportunity to file their Connecticut individual income tax returns electronically through a participating tax preparer or transmitter.

Informational Publication 2012(25), *Connecticut Federal/State Electronic Filing Handbook*, (Connecticut Handbook), is a companion to the IRS Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns. DRS recommends all participants study IRS Publication 1345 before reading this publication. The detailed instructions on

hardware, transmission procedures, and policies provided by the IRS apply to the Connecticut *e-file* program.

Since most functions of the Connecticut *e-file* program are the same as the federal e-file program, this handbook highlights the special and unique features of the Connecticut program. All rules and regulations published by the IRS governing tax preparers, transmitters, and originators of returns are in effect for Connecticut. The procedures and requirements for the *e-file* program are outlined in IRS Publication 3112, IRS *e-file* Application and Participation. DRS requires all participants be accepted into the federal *e-file* program to participate in the Connecticut *e-file* program.

II. *e-file* Highlights

- **Modernized e-File (MeF):** The MeF platform is scheduled to transition the remaining 1040 - related forms from the existing *e-file* programs to MeF. IRS will use the procedures in federal Publication 4164, Modernized e-file Guide for Software Developers and Transmitters - Tax Year 2012/ Processing Year 2013, as the standard for all *e-file* programs.
- **Electronic Payments Originating from, or Refund Requests to Banking Institutions Outside of the United States:** For tax year 2012, in order to comply with the new federal banking rules, taxpayers who elect to pay electronically will be asked if the funds are originating from an account outside of the United States. If the funds for payment will come from a banking institution outside of the United States, the payment **must** be made by paper check. Returns with electronic payments originating outside of the United States will be rejected.
- For taxable year 2012, the filing status options are: single, filing jointly for federal and Connecticut, filing jointly for Connecticut only, filing separately for federal and Connecticut, filing separately for Connecticut only, head of household, and qualifying widow(er) with dependent child. See *Filing Status Options for 2012* on Page 7.
- The filing status for individuals who are in a same sex marriage should be filing jointly for Connecticut only or filing separately for Connecticut only.
- An electronic withdrawal payment record, **Form CT-1040 EFW**, *Connecticut Electronic Withdrawal Payment Record*, will be generated by the *e-file* program. This form is provided to taxpayers for their records when electronic payment is requested for the taxable year.
- DRS will accept *e-filed* decedent returns.
- **Form CT-1040V**, *2012 Connecticut Electronic Filing Payment Voucher*, provides a scan line which will facilitate processing of paper payments.
- The *e-file* requirement threshold remains at 50 prior year returns. See Page 6.
- Any income tax liability paid by a pass-through entity (PE) on behalf of a nonresident member and reported to the nonresident member on **Schedule CT K-1**, *Member's Share of Certain Connecticut Items*, Part III, Line 1, must be entered on **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*, Lines 20a through 20g.
- A beneficiary of a trust or estate cannot claim withholding or estimated payments made by the trust or estate.
- Electronic Return Originators (EROs) are not required to mail income tax returns for other jurisdictions when a credit for income taxes paid to another jurisdiction is claimed on a taxpayer's Connecticut income tax return. EROs must keep the supporting documentation for three years.
- **Due Date – April 15, 2013:** The 2012 Connecticut income tax return (and payments) will be considered timely if filed on Monday, April 15, 2013.
- **Refund Information** - There are two refund options available: Direct Deposit or Debit Card.
DRS recommends that taxpayers use direct deposit. The fastest way for taxpayers to get a refund is to file their return electronically and elect direct deposit. Generally, if a taxpayer does not elect direct deposit, DRS will issue their refund by debit card.
Taxpayers may choose to have all or part of their refund applied to their 2013 estimated tax or donated to funds designated on the return.
- **Earned Income Tax Credit:** A Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year. Complete Schedule CT-EITC, Connecticut Earned Income Tax Credit, to claim the CT EITC. The amount of the CT EITC is 30% of the earned income credit claimed

and allowed on the federal income tax return for the same taxable year. If the CT EITC exceeds the taxpayer's Connecticut income tax liability, the excess is considered an overpayment and will be refunded without interest.

- Any taxpayer who has requested an extension of time to file for federal income tax purposes and has paid all Connecticut income tax due on or before April 15, 2013, is not required to file **Form CT-1040 EXT, Application for Extension of Time to File Connecticut Income Tax Return for Individuals**.

- DRS accepts an approved IRS five-digit self-selected PIN or an approved IRS Practitioner PIN as the electronic signature on the Connecticut tax return. The electronic signature eliminates the need for **Form CT-8453, Income Tax Declaration for Electronic Filing by Individuals**. E-filing is now a truly paperless process. See *Paperless Signature Procedure*, on Page 8.
- **New for 2012: Form CT-1065/CT-1120SI, Connecticut Composite Income Tax Return**, may be filed through e-file.

III. Contact Names and Telephone Numbers

State of Connecticut e-file Help Desk

DRS operates a Help Desk for electronic transmitters and preparers who experience problems. The Help Desk is **exclusively** for electronic transmitters and preparers. These numbers should **not** be provided to taxpayers.

For questions and comments about Connecticut's *e-file* program, contact Jim Annino, *e-file* coordinator, by:

- Email: **Jim.Annino@po.state.ct.us**;
- Telephone: **860-297-4713**; **or**
- Fax: **860-297-4761**.

You may also contact Jason Purslow, E-Commerce Unit Supervisor, by:

- Email: **Jason.Purslow@po.state.ct.us**; **or**
- Telephone: **860-297-5979**.

Visit the DRS website at **www.ct.gov/DRS** for additional information.

IRS e-file Help Desk

- For questions or comments about the IRS *e-file* program, contact the Connecticut/Rhode Island District Office by:
- Telephone: **860-756-4617** and ask to speak to the electronic tax administrator; **or**
- Internet: Visit **www.irs.gov** for additional information.

The *e-file* Help Desk has been designated as the first point of contact for *e-filing* issues. Software Developers, Transmitters, EROs, accounting firms, and large taxpayers should contact the *e-Help* Desk at 1-866-255-0654 for assistance in the following areas:

- IRS *e-file* application;
- ATS or Communication Testing;
- Transmission issues;
- Strong authentication for Application to Application (A2A);
- Rejects; **or**
- Technical questions on schemas or business rules.

If the e-Help Desk is unable to answer the question at the time of the call, the inquiry will be forwarded to the appropriate area for a response. By streamlining this communication process through the e-Help Desk, IRS can better monitor the inquiries to ensure a timely response.

Tax Assistance for Taxpayers

Taxpayers can use the secure online option of the **Taxpayer Service Center (TSC)** to check the status of a refund.

- Visit the DRS website at **www.ct.gov/DRS** and select the **TSC** logo;
- Select *Individual* to reach the Welcome page; **and**
- Select *Check on the Status of Your Refund* from the menu on left.

Users must have their Social Security Number (SSN) or their spouse's SSN if it is a joint return and their spouse was listed first on the return and the **exact amount of the refund request as reported on the Connecticut income tax return**. Enter the whole dollar amount of the refund requested; do not include cents. For example, if the taxpayer requested a refund of \$375.43, enter 375.

The DRS refund information line provides taxpayers with information about their refunds. The refund information line is available anytime. Preparers should advise taxpayers to confirm acknowledgment of their *e-file* return with their practitioner or transmitter **before** calling to check on the status of their refund.

For automated refund information, call:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

To obtain refund status information, taxpayers must know:

- Their SSN or joint filer's SSN if listed first on the return; **and**
- The amount of the refund: dollars and cents.

Taxpayers should allow three weeks for processing of an *e-file* return before calling the automated refund information line to inquire about the status of a refund.

IV. Federal/State *e-file* Program

DRS has participated in the joint Federal/State *e-file* Program since 1994. During the 2011 tax season, over 1.4 million returns, more than 80% of all Connecticut income tax returns, were received via *e-file*.

Conn. Agencies Regs. §12-690-1 requires return preparers who prepared 50 or more 2011 Connecticut income tax returns to file 2012 Connecticut income tax returns electronically using the Federal/State *e-file* Program.

To participate in *e-file* preparers must become an electronic return originator (ERO). Visit the DRS website at www.ct.gov/DRS or the IRS website at www.irs.gov for more details.

How The Federal/State *e-file* Program Works

DRS allows tax preparers and transmitters accepted in the IRS *e-file* program to participate in the Connecticut *e-file* program. Our joint program works best when you file your federal and Connecticut income tax returns together in one transmission. However, in the event the federal return has been accepted and the Connecticut return has not been accepted, you may be able to send a State Only Return through the *e-file* program for processing. Returns are transmitted directly to the IRS using approved software. The IRS, after acknowledging acceptance of the federal return and receipt of the Connecticut return, makes the state return available for retrieval by DRS. After the Connecticut return has been retrieved, DRS will process the information received.

DRS will acknowledge receipt of all returns retrieved from the IRS to the transmitter. Transmitters may retrieve the Connecticut acknowledgements within two days from the time acknowledgements are received from the IRS.

Electronic filing is a computer and data processing service subject to Connecticut sales tax at the rate of 1%. Therefore, if you charge a separate fee for electronically filing a return, you must register with DRS and charge the appropriate sales tax.

Who May Participate

Federal/State *e-file* for Connecticut returns is available to all participants who have been accepted into the federal *e-file* program and are authorized to transmit returns to the IRS. The application process for the *e-file* program is outlined in this handbook.

Application and Acceptance Process

Application Process

To participate in the joint *e-file* program, preparers must submit federal Form 8633, Application to Participate in the IRS *e-file* Program, to the IRS.

No additional application form is necessary for DRS. Once you are approved by the IRS you are automatically eligible to file Connecticut returns electronically.

IRS Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns, specifies the application process and requirements for federal participation. The IRS definitions of the categories of electronic filers apply for Connecticut electronic filing purposes under the *e-file* program.

Acceptance Process

DRS recognizes the federal acceptance process. Acceptance into the federal *e-file* program allows an ERO, transmitter, or preparer automatic acceptance into the Connecticut *e-file* program. However, DRS will conduct suitability checks on all applicants for the *e-file* program and will notify any applicant who is not eligible to participate.

Applicants must have:

- Timely and accurately filed all applicable State of Connecticut personal and business tax returns;
- No current tax delinquency with DRS. However, DRS may conditionally accept applicants with outstanding tax liabilities if they file or pay the taxes in question before filing electronic returns; **and**
- Not been suspended or rejected from the program in a prior year. Suspension or rejection is permanent until corrective action is taken and reinstatement is approved by the IRS and DRS.

The IRS assigns the Electronic Filing Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN). DRS uses the same EFIN and ETIN as the IRS in the *e-file* program.

The EFIN and ETIN are used in the acknowledgment system to identify preparers and transmitters.

Connecticut Testing

Preparers, EROs, and transmitters **are not required** to participate in the Connecticut Software Testing Program.

Software developers **are required** to pass Connecticut testing before releasing their software to commercial and individual customers. Preparers, EROs, and transmitters may contact DRS to verify a software company has passed Connecticut testing or check the DRS website at www.ct.gov/DRS for approved software developers.

Publications

The following publications describe the process of the *e-file* program:

IRS Publications

Publication 4164, Modernized e-file (MeF) Guide for Software Developers and Transmitters - Tax Year 2012/Processing Year 2013

Publication 1345, Handbook for Authorized IRS *e-file* Providers 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 Filers of Individual Income Tax Returns for Tax Year 2012.

Publication 3112, IRS *e-file* Application and Participation

DRS Publications

Informational Publication 2012(25), *Federal/State Electronic Filing Handbook*

Connecticut Electronic Filing Information for Software Developers

Connecticut Electronic Filing Test Package

Filing Status Options for 2012

The filing status options for the 2012 taxable year are:

- Single;
- Head of household;
- Qualifying widow(er) with dependent child;
- Filing jointly for federal and Connecticut;
- Filing separately for federal and Connecticut;
- Filing jointly for Connecticut only; **and**
- Filing separately for Connecticut only.

V. Filing Process

What Can Be Electronically Transmitted

The Connecticut portion of an electronic return consists of data transmitted electronically and supporting paper documents. In total, an electronic return contains the same information as a comparable return filed entirely on paper.

The following forms and schedules may be transmitted electronically:

- **Form CT-1040**, *Connecticut Resident Income Tax Return*;
- **Form CT-1040NR/PY**, *Connecticut Nonresident and Part-Year Resident Income Tax Return*;
- Returns subject to the Connecticut alternative minimum tax with **Form CT-6251**, *Connecticut Alternative Minimum Tax Return — Individuals*, attached;
- Decedent tax returns; **and**
- **NEW for 2012! - Form CT-1065/CT-1120SI**, *Connecticut Composite Income Tax Return*.

Returns with a filing status of filing jointly for Connecticut only or filing separately for Connecticut only must be filed under the state only process.

Supporting federal returns and schedules are required for all electronically filed returns.

What Cannot Be Electronically Transmitted

In addition to the tax returns listed in IRS Publication 1345 as excluded from the e-file program for the 2012 taxable year, the following documents and forms are **not accepted** for Connecticut electronic filing for the 2012 taxable year:

- **Form CT-1040X**, *Amended Connecticut Income Tax Return for Individuals*;
- Balance due returns with IAT electronic payments. See *e-file Highlights* on Page 4;
- Prior year returns - any return not for the 2012 taxable year;
- Non-calendar year returns;
- Corrected returns;
- Returns with **Form W-2**, *Wage and Tax Statement*, with the state employer identification number missing; **and**
- Returns accompanied by **Form CT-1040CRC**, *Claim of Right Credit*.

Paperless Signature Procedure

Form CT-8453, *Income Tax Declaration for Electronic Filing by Individuals*, has been eliminated. If the taxpayer elects to use the IRS self-select PIN or the IRS practitioner PIN for the *e-file* program and the IRS accepts it, DRS accepts this PIN as the electronic signature for the Connecticut tax return. EROs are still required to keep all the supporting documents as outlined below.

Documents Retained by ERO

In addition to federal Form 8879, IRS e-file Signature Authorization, or federal Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, the ERO must also keep the following forms:

- State copies of W-2, W-2G, 1099, and **Form CT-4852, *Substitute for Form W-2, Wage and Tax Statement***, or federal Form 1099R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc;
- Copies of another state's return if claiming credit for income tax paid to another state. If credit is claimed for income taxes paid to more than two other qualifying jurisdictions, you must keep additional copies of *Schedule 2*, Form CT-1040 or Form CT-1040NR/PY;
- Individual Use Tax Worksheet if required;
- Other informational documents not covered above and supporting material voluntarily included by the taxpayer; **and**
- Supporting documents and schedules requiring signatures, if applicable (as described in IRS Publication 1345).

<p>The ERO must keep all supporting documents for three years. Do not mail these documents to DRS.</p>
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Procedures for Retaining Documents

There may be occasions when DRS will ask the ERO to forward the signature document and all attachments. EROs must comply with the request within five business days from the date of the request. Send all requested documents to:

Department of Revenue Services
Jim Annino, *e-file* Coordinator
PO Box 2964
Hartford CT 06104-2964

If the ERO cannot produce the original documents, credit for the tax withheld may be disallowed and the ERO may be suspended from the program.

For monitoring purposes, each year DRS may request a percentage of documentation and conduct site visits.

Transmission Process

The *e-file* program works best when the federal and Connecticut returns are filed together in one transmission to the IRS. If the federal return has already been accepted and the state return has not been accepted, a State Only Return may be retransmitted. Since all *e-file* returns are transmitted through the IRS, the transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS as defined in IRS Publication 1345.

A transmitter who resides outside the area supported by the IRS must have his or her EFIN accepted by any service center outside the center designated to support his or her location. A revised federal Form 8633, Application to Participate in the IRS *e-file* Program, must be completed to transmit Connecticut returns to another service center.

Participants in the *e-file* program must confirm with their software developer or direct transmitter that the software has the capability of processing and transmitting the Connecticut data along with the federal data.

Reject Codes Received From the IRS Service Center

If a federal return is rejected due to errors, the accompanying state return will also be rejected. IRS Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns, offers a list of all reject codes. Federal Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, informs taxpayers their return may be rejected due to errors on their state return and, consequently, their federal return may be delayed. If the error is one that can be corrected and the record processed, both return records may be retransmitted to the IRS. If a state return cannot be corrected, the filer has the option of retransmitting the federal return data and filing the state return by mail. If the federal return has already been accepted and the state return has not, a State Only Return may be sent by itself through the *e-file* program.

Connecticut State Acknowledgment

The Connecticut acknowledgment informs transmitters that the Connecticut return data was retrieved and is being processed by DRS. Connecticut acknowledgments will be transmitted through the IRS acknowledgment system. Both the federal and Connecticut returns must be acknowledged. Do not assume an acknowledgment from the IRS means Connecticut return data was received by DRS.

Connecticut Acknowledgment System

DRS acknowledges receipt of the Connecticut data packet from the IRS through the Acknowledgment System (ACKS). Acknowledgments of returns are posted daily upon retrieval from the IRS.

The Connecticut acknowledgment file should be available to a transmitter within two working days of the time the federal acknowledgment is received from the IRS.

Transmitters who transmit for EROs and preparers must notify the EROs and preparers at the time of receipt of the Connecticut acknowledgment. Transmitters are encouraged to regularly inquire on the status of returns transmitted.

Checking the Connecticut Acknowledgment File

Once DRS acknowledges an electronic return, transmitters must notify their EROs of acceptance within five business days after receipt of the acknowledgment from DRS.

A Connecticut acknowledgment indicates the return has been received and will be processed. The taxpayer should be advised to wait at least three weeks from the date of acknowledgment before inquiring about his or her refund. A Connecticut indicator on the federal acknowledgment only indicates a state of Connecticut return was attached to the federal return. It is **not** a Connecticut acknowledgment for the Connecticut return.

How to Handle a Rejected Return

EROs may now resend a rejected state return to DRS. EROs should follow software instructions to send only the Connecticut tax return through the *e-file* program. All current exclusions apply. See *What Cannot Be Electronically Transmitted* on Page 7.

If the electronically filed Connecticut return cannot be retransmitted, the ERO must submit a paper tax return to:

Department of Revenue Services
 State of Connecticut
 PO Box 2964
 Hartford CT 06104-2964

The taxpayer is not required to sign the paper copy of Form CT-1040 or Form CT-1040NR/PY if all appropriate signatures are included on the signature document. DRS will process properly submitted paper returns on a priority basis.

The ERO is responsible for notifying the taxpayer a paper return was filed with DRS. Repeated rejection of transmissions could cause the IRS to rescind the electronic filing privileges of an ERO.

Form CT-1040 Reject Codes Specific to the Connecticut Return				
The Connecticut acknowledgment reject codes are:				
Rule Number	Rule Text	Error Category	Severity	Status
X0000-002	Incorrect Transmission data	Incorrect Data	Reject	Active
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.	Data Mismatch	Reject	Active
X0000-004	No submission file found in state submission directory.	Missing Data	RejectAndStop	Active
X0000-005	The XML data has failed schema validation.	XML Error	RejectAndStop	Active
X0000-006	MeF Gateway experiences system error.	System Error	RejectAndStop	Active
X0000-007	Other State Submission.	XML Error	Reject	Active
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows:The default namespace shall be set	XML Error	RejectAndStop	Active
CT000-MeF-Ind	ReturnType mismatch between manifest and return.	Incorrect Data	RejectAndStop	Active
CT001-MeF-Ind	Unauthorized Software Version. Software not approved/Bad Version of Software/Software not approved for this Tax Year.	Database Validation Error	RejectAndStop	Active
CT002-MeF-Ind	Unapproved Transmitter for the CT MeF system.	Database Validation Error	RejectAndStop	Active
CT003-MeF-Ind	Unauthorized or Fraudulent Preparer for the CT MeF system.	Database Validation Error	RejectAndStop	Active
CT004-MeF-Ind	Software Developer ID must be approved for Individual Efile.	Database Validation Error	RejectAndStop	Active
CT005-MeF-Ind	TaxYear mismatch between manifest and return.	Incorrect Data	RejectAndStop	Active
CT006-MeF-Ind	Return for the tax year has already been accepted.	Duplicate Condition	RejectAndStop	Active
CT007-MeF-Ind	Non-calendar year filings are not allowed.	Incorrect Data	RejectAndStop	Active
CT008-MeF-Ind	Non-zero EITCcredit requires schedule CT-EITC	Incomplete Data	Reject	Active
CT009-MeF-Ind	EITCcredit mismatch	Incorrect Data	Reject	Active
CT011-MeF-Ind	All On-Line returns must have the IP Address data included.	Missing Data	Reject	Active
CT013-MeF-Ind	"If the supplemental withholding line item is populated, there should be more than 7 instances of withholding. If total withholding is populated, there should be at least one withholding instance."	Incorrect Data	Reject	Active
CT014-MeF-Ind	Invalid CHET Amount. The maximum Chet Amount is 5000 for Single. Filers and 10000 for Joint Filers	Incorrect Data	Reject	Active
CT015-MeF-Ind	Form CT-1040CRC is not available for Electronic Filing.	Incorrect Data	RejectAndStop	Active
CT017-MeF-Ind	Incomplete IAT Transaction Data.	Incorrect Data	Reject	Active
CT019-MeF-Ind	Incomplete Direct Deposit/Payment Information.	Incomplete Data	Reject	Active
CT021-MeF-Ind	Amount fields must be of 10 digits or less.	Incorrect Data	Reject	Active

Form CT-1065/CT-1120SI Reject Codes Specific to the Connecticut Return

The Connecticut acknowledgment reject codes are:

Rule Number	Rule Text	Error Category	Severity	Status
X0000-002	Incorrect Transmission data	Incorrect Data	Reject	Active
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.	Data Mismatch	Reject	Active
X0000-004	No submission file found in state submission directory.	Missing Data	RejectAndStop	Active
X0000-005	The XML data has failed schema validation.	XML Error	RejectAndStop	Active
X0000-006	MeF Gateway experiences system error.	System Error	RejectAndStop	Active
X0000-007	Other State Submission.	XML Error	Reject	Active
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows:The default namespace shall be set	XML Error	RejectAndStop	Active
CT001-MeF-Part	Unauthorized Software Version. Software not approved/Bad Version of Software/Software not approved for this Tax Year.	Database Validation Error	RejectAndStop	Active
CT002-MeF-Part	Unauthorized or Fraudulent Preparer for the CT MeF system.	Database Validation Error	RejectAndStop	Active
CT003-MeF-Part	Unapproved Transmitter for the CT MeF system.	Database Validation Error	RejectAndStop	Active
CT004-MeF-Part	Software Developer ID must be approved for Business Efile.	Database Validation Error	RejectAndStop	Active
CT005-MeF-Part	TaxYear mismatch between manifest and return.	Incorrect Data	RejectAndStop	Active
CT006-MeF-Part	Return for the tax year has already been accepted.	Duplicate Condition	RejectAndStop	Active
CT007-MeF-Part	All On-Line returns must have the IP Address data included.	Incorrect Data	RejectAndStop	Active
CT008-MeF-Part	Incomplete Direct Deposit/Payment Information.	Incomplete Data	Reject	Active
CT009-MeF-Part	Incomplete IAT Transaction Data.	Incorrect Data	Reject	Active
CT010-MeF-Part	If PE type is not S Corporation, must have at least 2 partners	Incorrect Data	Reject	Active
CT011-MeF-Part	CT Tax Reg Number, if entered, cannot be blank	Missing Data	Reject	Active
CT012-MeF-Part	For any entry in Part 4, Name, Address, FEIN, or SSN, Member Number, and Member Type must be populated	Incorrect Data	Reject	Active
CT013-MeF-Part	All member IDs used on the return must have an entry in Part 4	Incorrect Data	RejectAndStop	Active
CT014-MeF-Part	Duplicate member ID	Incorrect Data	Reject	Active

VI. Error Resolution

Errors may be identified on Connecticut returns when they enter the tax return processing cycle at DRS. These errors will be handled through the DRS error resolution process. Some errors that might be identified are duplicate returns, duplicate Social Security Numbers, computation errors, or debt offsets on refunds. Should errors occur on the Connecticut return, DRS will communicate directly with the preparer in most cases. Transmitters are not given information about the tax return other than acknowledgment of receipt by DRS through the acknowledgment system.

The *e-file* Help Desk number is **not** for taxpayers. EROs must not give taxpayers the telephone number for the *e-file* Help Desk. This telephone line is reserved for businesses accepted into the electronic filing program. For general tax inquiries or to check the status of a refund, taxpayers may call **1-800-382-9463** (Connecticut calls outside the Greater Hartford area) or **860-297-5962** (from anywhere). Taxpayers may also visit the DRS website at www.ct.gov/DRS.

Handling Problems

DRS operates a Help Desk for electronic transmitters and preparers who experience problems. For help with problems related to the electronically filed Connecticut return, call **860-297-4713** and ask for the *e-file* Help Desk.

VII. Refund Returns



Refund Options

There are two refund options available: Direct Deposit or Debit Card.

DRS recommends that taxpayers use direct deposit. The fastest way for taxpayers to get a refund is to file their return electronically and elect direct deposit. Generally, if a taxpayer does not elect direct deposit, DRS will issue their refund by debit card.

DRS is not responsible when a financial institution refuses a direct deposit. If a refund cannot be directly deposited into an account, DRS generally issues a debit card. If the taxpayer does not choose the direct deposit option, the debit card is mailed to the taxpayer.

Taxpayers may choose to have all or part of their refund applied to their 2012 estimated tax or donated to funds designated on the return.

Foreign Bank Accounts

New banking rules require DRS to request information about foreign bank accounts when the taxpayer requests the direct deposit of a refund into a bank account. If the refund is to be deposited in a bank outside the United States, DRS will issue a paper check.

Refund Anticipation Loans

If an ERO offers refund anticipation loans, they should be aware that many Connecticut refunds are offset to satisfy obligations owed to the State of Connecticut or another qualifying entity such as the IRS.

Refund Delays

Taxpayers are advised to wait at least three weeks from the date of the acknowledgment before calling or writing DRS to inquire about the status of a refund check.

If a taxpayer owes money to DRS or another agency, the amount owed may be deducted from the refund. This debt delays the processing of the refund because all claims against the refund must be resolved before a refund check can be processed. This policy also applies to a paper return.

A delay in receiving a federal refund will not impact the time to receive a Connecticut refund.

VIII. Balance Due Returns

DRS accepts balance due or zero liability returns. Preparers must inform their clients of the procedures for payment of Connecticut balance due returns as outlined below. Preparers must also inform their client's that full payment must be made on or before April 15, 2013, to avoid penalty and interest.

If a preparer is filing a return for which an extension of time to file has been granted by DRS, the preparer is under an obligation to inform his or her clients that the return will be electronically filed and that any additional Connecticut income tax due must be remitted to DRS using one of the balance due payment options at the time the return is filed.

To comply with the new federal banking rules, taxpayers who elect to pay electronically will be asked if the funds are originating from an account outside of the United States. If the funds for payment will come from a banking institution outside of the United States, the payment must be made by paper check. Returns with electronic payments originating outside of the United States will be rejected.

If the balance due is paid by check, to avoid a penalty for late payment, the payment must be postmarked on whichever is earlier, the date of acceptance of the electronic return or the extended due date.

Making Payments for Balance Due Returns

Taxpayers who owe additional Connecticut income tax may pay the balance due either at the time of electronic filing or at a later date. Payment is due on or before April 15, 2013, to avoid penalty and interest. Taxpayers have the following balance due payment options.

Payment Options

Direct Payment: Connecticut supports direct payment as a payment option for balance due returns. If a taxpayer elects direct payment, the preparer must provide information used to debit the taxpayers financial institution for the total amount due on the date selected. This information includes the routing transit number, bank account number, type of account, and requested payment date. If the funds for payment will come from a banking institution outside of the United States, the payment must be made by paper check. Returns with electronic payments originating outside of the U.S. will be rejected.

- The requested payment date is the date a taxpayer wants the payment withdrawn from their account. For a timely-filed return, this date can be any time between the date the return is filed and the April 15, 2013, due date.

- A requested payment date of April 15, 2013, is timely even though it may take DRS up to three days to complete the debit **provided** the return is filed on or before the April 15, 2013, due date. Penalty and interest are assessed for late payments.
- The direct payment amount must equal the total balance due.

A withdrawal payment record, **Form CT-1040 EFW**, *Connecticut Electronic Withdrawal Payment Record*, will be generated by the *e-file* software. This form is provided to taxpayers for their records when electronic payment is requested for the tax year indicated. Form CT-1040 EFW should not be mailed to DRS.

EROs should caution taxpayers to determine before they file if the funds for payment will come from a banking institution outside of the United States and if their financial institution supports direct debit requests from the designated account. Payments cannot be authorized for this purpose from some credit union share accounts.

Pay Electronically: Taxpayers can also use the **Taxpayer Service Center (TSC)** to make a direct payment electronically for current year taxes, estimated payments, or payments on past due income taxes. If a taxpayer elects to use this option, a preparer must provide the same information to debit the financial institution as listed in the direct payment option. Payment can be scheduled any time prior to the due date, April 15, 2013. Penalty and interest are assessed for late payments.

Visit www.ct.gov/TSC to make a direct tax payment using the *TSC*. After logging into the *TSC*, select the *Make Payment Only* option and choose a tax type from the drop down box. Using this option authorizes DRS to electronically withdraw from the taxpayers bank account (checking or savings) a payment on a date the taxpayer selects up to the due date. As a reminder, even if an electronic payment is made, the return must still be filed by the due date. Tax not paid on or before the due date will be subject to penalty and interest.

Pay by Credit Card or Debit Card: The taxpayer may elect to pay their 2012 tax liability using a credit card (American Express®, Discover®, Master Card®, or Visa®) or comparable debit card. A convenience fee will be charged by the service provider. You will be informed of the amount of the fee and may elect to cancel the transaction. At the end of the transaction, you will be given a confirmation number for your records.

There are three ways for taxpayers to pay by credit card or comparable debit card:

- Log into their account in the *TSC* and select *Make Payment by Credit Card*;
- Visit www.officialpayments.com and select *State Payments*; **or**
- Call Official Payments Corporation toll-free at **1-800-2PAY-TAX** (1-800-272-9829) and follow the instructions. They will be asked to enter the Connecticut Jurisdiction Code: 1777.

Their payment will be effective on the date they make the charge.

Pay by Mail: Preparers must provide **CT-1040V**, *2012 Connecticut Electronic Filing Payment Voucher*, to taxpayers filing balance due returns electronically.

The 2012 CT-1040V has a scan line which will facilitate payment processing.

Enter on CT-1040V, Line 1, the total amount enclosed.

For proper credit, CT-1040V must be enclosed with the taxpayer's check. DRS does not accept cash. Taxpayers should be advised to:

- Make the check payable to **Commissioner of Revenue Services**;
- Write "**2012 CT-1040V**" on the front of the check to ensure payment is applied to their account; **and**
- Sign the check.

DRS may submit their checks to the bank electronically

Advise taxpayers that CT-1040V should not to be used to make an estimated tax payment. Also, advise taxpayers not to mail paper copies of their Form CT-1040 or Form CT-1040NR/PY with their payment. This will cause DRS to record a duplicate return and may result in the taxpayer being billed.

IX. Responsibilities of EROs and Transmitters

Electronic filers must maintain a high degree of integrity, compliance, and accuracy to continue participation in the *e-file* program. They must also abide by the following requirements:

Compliance

All electronic filers must comply with the requirements and specifications published in IRS Publications 1345 and 1346, IP 2012(25), and the Connecticut *e-file* record layout specifications for individual income tax returns for the 2012 taxable year. Failure to comply with all requirements and specifications for the electronic portion and the non-electronic portion of the return will result in being suspended from the program.

The following are reasons for suspension from the program:

- Use of unapproved software;
- Rejection of transmitted returns;
- Disclosure of facts or conduct of a disreputable nature that reflect adversely on the program; **or**
- Purposeful submission of fraudulent returns.

DRS makes every attempt to assist participants in resolving problems. However, repeat offenders will be suspended from the program.

Timeliness of Filing

Transmitters must ensure electronic returns are filed in a timely manner. The receipt date of the electronic transmission by the IRS is the filing date for a Connecticut return if the federal return is acknowledged as accepted by the IRS.

Further, transmitters should confirm acknowledgment of the Connecticut return by DRS before considering the Connecticut return received.

Deadline for Filing

DRS will accept electronically filed Connecticut returns submitted for transmission to the IRS Service Center on or before October 15, 2013. Any Connecticut returns submitted after October 15, 2013, must be filed as paper documents.

Form CT-1040 EXT, *Application for Extension of Time to File Connecticut Income Tax Return for Individuals*, only extends the time to file a final return; it does not extend the time to pay. Penalty and interest will be assessed on any tax not paid by the original due date.

Responsibility to Clients

Preparers are entrusted with the task of filing their client's tax return and assume the responsibility of ensuring the return arrives at DRS. In the event the electronic return fails to arrive at its destination, preparers **must** file a paper return for their clients.

EROs must provide taxpayers with signed copies of their 2012 Form CT-1040 or Form CT-1040NR/PY and all supporting documents. The preparer should advise the taxpayer to:

- Keep copies of all materials;
- File the amended return using the *TSC* at www.ct.gov/TSC or the paper **Form CT-1040X**, *Amended Connecticut Income Tax Return for Individuals*, if it is necessary to amend the return; **and**
- Use the IRS self-select PIN or IRS Practitioner PIN programs. If the IRS approves the PIN, DRS accepts the PIN as the electronic signature for the Connecticut tax return. EROs must keep all documents as outlined in *Documents Retained by ERO* on Page 8.

If a return shows a balance due, the ERO must inform the taxpayer of their payment options and provide them with a computer generated CT-1040V. See *Making Payments for Balance Due Returns* on Page 11.

Upon the request of the taxpayer, the ERO must provide the taxpayer with the Declaration Control Number (DCN) and the date the electronic portion of the tax return was acknowledged as accepted by the IRS and DRS.

Changes to the Return

If the ERO or taxpayer wishes to make any changes after the return has been accepted and acknowledged, the taxpayer must file Form CT-1040X to amend the return. Amended returns may be filed using the DRS *TSC* or by using the paper document filing process.

Advertising Guidelines

Advertisements including but not limited to newspaper, radio, or television should not imply any special relationship with DRS. The use of improper advertising is grounds for suspension from the program. Acceptance into the *e-file* program by DRS does not imply endorsement by DRS towards the quality of the services provided by the electronic filer.

Fraudulent Returns

Any returns suspected to be fraudulent should be reported to DRS Collection & Enforcement Division at **860-566-4914**.

X. Reminders

- New banking rules require DRS to request information about foreign bank accounts when the taxpayer requests the direct deposit of a refund into a bank account. If the refund is to be deposited in a bank outside the United States, DRS will issue a paper check. Returns with electronic payments originating outside of the United States will be rejected. If the funds for payment will come from a banking institution outside of the United States, the payment must be made by paper check.
- Most residents, nonresidents, and part-year residents can now file electronically.
- The address on the Connecticut *e-file* return must be the correct mailing address for the taxpayer.
- Any income tax liability paid by a pass-through entity (PE) on behalf of a nonresident member and reported to the nonresident member on **Schedule CT K-1, Member's Share of Certain Connecticut Items**, Part III, Line 1, must be entered on **Form CT-1040NR/PY, Connecticut Nonresident and Part-Year Resident Income Tax Return**, Lines 20a through 20g.
- A beneficiary of a trust or estate cannot claim withholding or estimated payments made by the trust or estate.
- Taxpayers will receive their refund quicker by electing direct deposit.
- If a taxpayer has a balance due, encourage him or her to use the *TSC* direct payment method at the time of filing. See **Informational Publication 2011(22), Paying Connecticut Taxes by Electronic Funds Transfer**. If the taxpayer does not elect to use direct payment, he or she should be given **CT-1040V, 2012 Connecticut Electronic Filing Payment Voucher**. Taxpayers should be informed that payments are due on or before April 15, 2013. See *Making Payments for Balance Due Returns* on Page 11.
- Do not attach copies of the Connecticut *e-file* return to the CT-1040V. The voucher should be remitted to DRS with only the check attached.
- Encourage clients to use the IRS self-select PIN program. If the IRS approves the PIN, DRS accepts the PIN as the electronic signature for the Connecticut tax return. EROs must keep all supporting documents as outlined in *Documents Retained by ERO* on Page 8.
- If the ERO cannot produce the original documents with all attachments when requested, credit for the tax withheld may be disallowed and the ERO may be suspended from the program.
- If there is a problem with the Connecticut return transmittal, the software should allow the return to be retransmitted.

XI. e-file Checklist

- Confirm that Connecticut forms are transmittable.
- Verify the taxpayer wants to use the IRS self-select PIN program.
- Use only whole dollar amounts.
- Have the taxpayer(s) sign all documents requiring original signatures.
- Electronically transmit the Connecticut and federal information at the same time.
- Give the taxpayers copies of all forms that apply to them.
- Confirm the IRS acknowledgment.
- Confirm the Connecticut acknowledgment.
- Keep any supporting documents as part of permanent records for three years.
- **Do not mail** anything to DRS except for payments made with a CT-1040V.

XII. Appendix

- **CT-1040V, 2012 Connecticut Electronic Filing Payment Voucher**
- **Form CT-1040 EFW, 2012 Connecticut Electronic Withdrawal Payment Record**

Form CT-1040 EFW
Connecticut Electronic Withdrawal Payment Record

2012

Do not mail this form to Department of Revenue Services (DRS).

Keep this form as verification that electronic payment to DRS was requested for the 2012 taxable year.

**If the funds for payment will come from a banking institution outside of the United States,
the payment must be made by paper check.**

Primary Social Security Number

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Secondary Social Security Number

				-			-				
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Routing transit number

--	--	--	--	--	--	--	--	--	--

Bank account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Type of account

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 1 = Checking; 2 = Savings

Amount of payment

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Type of return

C	T	-																	
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Request payment date

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Taxpayer's daytime telephone number

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