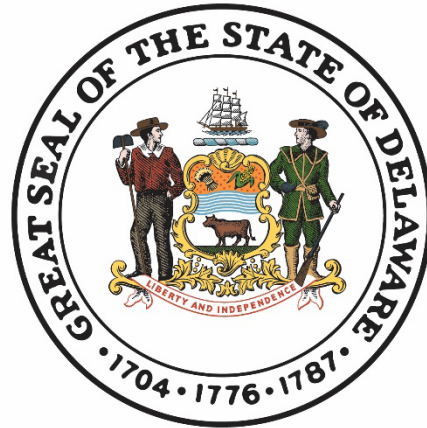


Delaware Division of Revenue



2024

Delaware Business

MeF E-File Handbook

For Software Developers, Transmitters and EROs who file:

**Delaware Corporation and Pass-through entity Tax Returns
via The Federal State MeF System**

October 2024

**State of Delaware
Division of Revenue
820 N French Street, Wilmington, DE 19801**

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SECTION 1

Instructions for Electronic Filing

Introduction

Delaware participates in the IRS Federal/State 1120/1065 program. This allows the filing of both federal and state corporation and partnership income tax returns using an XML format. The transmission method will be a Web service using Simple Object Access Protocol (SOAP), with attachments messaging.

Delaware accepts Corporation forms and schedules and declaration payments by method of the Modernized e-File System (MeF). Delaware accepts partnership returns with their corresponding schedules and shareholder K-1 forms. For this year, Delaware will accept all tax years supported by the IRS.

Authorized Electronic Return Originators (EROs) can submit returns to the IRS MeF system for federal and state return processing. Both Federal/State returns and State Only returns can be submitted through the Federal/State system, both requiring the appropriate federal return attachments. Each return (Federal/State or State Only) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with Delaware and receive approval prior to submitting live Federal/State or State only returns.

IMPORTANT INFORMATION

Form CIT-TAX

- Copy of federal return required to be attached to the state return includes pages 1 -5.
- Under Schedule 4A, Line 9 should read "Ordinary and necessary business expenses paid or incurred for the taxable year by a marijuana business operating pursuant to Chapter 13 of Title 4 or Chapter 49A of Title 16."
- Add a Line 10 that reads "TOTAL SUBTRACTIONS - Add Line 1 through Line 9"
- Added 2 checkboxes for 1) Farming and 2) Property & Casualty Insurance

Form SCT-RTN

- Copy of federal return required to be attached to the state return includes pages 1-5 and copies of all federal A-1 forms.
- Line 1 Instruction verbiage change

Form PRT-RTN

- Copy of federal return required to be attached to the state return includes pages 1-5 and copies of all federal K-1 forms.

Form PRT-EXT

- Add Line 20 under Deductions: QUALIFIED EXPENSES RELATED TO OPERATING A MARIJUANA ESTABLISHMENT DISALLOWED AS A DEDUCTION FOR FEDERAL PURPOSES

Form SCT-SSA

- New Line 18: ORDINARY AND NECESSARY BUSINESS EXPENSES AS NOT ALLOWED ON THE FEDERAL RETURN AND FOR A DELAWARE - LICENSED MARIJUANA RELATED BUSINESS

Form SCT-SSR

- Added new Line 16: QUALIFIED EXPENSES RELATED TO OPERATING A MARIJUANA ESTABLISHMENT DISALLOWED AS A DEDUCTION FOR FEDERAL PURPOSES

Form CMP-TAX

- Updated Line 5 verbiage
- Added new Line 6 (Cap Gains Tax), 7 (S-Corp Payments), and 8 (Refund Bus Credits)

Form CMP-SCH

- Schedule to support MeF CMP-TAX. Scan as attachment

Help Desk

EROs, transmitters and software developers who need assistance can contact the Delaware e-File Help Desk at any time by e-mail at REV_Mef_support@Delaware.gov.

The Delaware Division of Revenue's web site <http://revenue.delaware.gov/> contains downloadable state forms and other information for Business Tax e-File program participants. Our mailing address is:

Delaware Division of Revenue
Carvel State Office Building
820 N. French Street
Wilmington, Delaware 19801

Software Acceptance and Participation

Software developers must test with and receive acceptance from Delaware before submitting live production returns. To receive final approval, the software developer must transmit all software developer supported test returns as indicated on the Delaware Letter of Intent. Software Developers must use a unique EFIN for each software for which they seek approval. Delaware will not approve multiple software under one submission EFIN. A software developer must complete and obtain approval for each state test packet (as indicated on the LOI) before final written approval confirmation will be issued by the State.

Software developers must provide the following information via the Delaware Letter of intent to the Delaware e-File Help Desk prior to submitting test transmissions:

- EFINs/ETINs (test and production) as assigned by IRS
- Contact person(s) name, telephone number, e-mail address
- Software Company name and business address

Publications

The following publications are available for your assistance:

- Publication 4163 Modernized e-File (MeF) Information for Authorized IRS e-File Providers for Business Returns Tax Returns
- Publication 4164 Modernized e-File (MeF) Guide for Software Developers and Transmitters
- Delaware 2023 Business MeF e-File Handbook
- Delaware Corporate/PTE e-File Test Package
- Delaware tax forms for Corporation (forms and instructions booklet)
- Delaware tax forms for Pass–Through Entities (forms and instructions booklet)
- Delaware tax forms for Partnerships (forms and instructions booklet)
- Delaware Partnership e-File Test Package
- Delaware tax forms for Composites (forms and instructions booklet)
- Delaware Composites e-File Test Package

SECTION 2

The Filing Process

What Can Be Transmitted Electronically

The Delaware electronic return will consist of data transmitted as well as supporting PDF and paper documents. In total, an electronic return contains the same information as a comparable return filed entirely on paper.

Following is a list of the XML forms that Delaware accepts electronically. Software developers are not required to support all the forms that Delaware accepts electronically. EROs should take this into consideration when purchasing software and should verify with the software company that they will support the forms they desire to transmit electronically.

- Delaware Form CIT-TAX – Corporation Income Tax Return
- Delaware Form CIT-EXT – Corporation Income Tax Extension
- Delaware Form SCT-RTN – S Corporation Declaration of Estimated Income Tax
- Delaware Form SCT-EXT – S Corporation Extension
- Delaware Form PRT-RTN – Partnership Income Tax Return
- Delaware Form PRT-EXT – Partnership Extension
- Delaware Form CMP-TAX - Composite Tax Return
- Delaware Form CMP-EXT – Composite Extension

State Submission Manifest

The expected values for the State Submission Manifest are:

Form	Tax Year	Submission Type	Submission Category
Corporate Form CIT-TAX	2023	CIT-TAX	CORP
Sub-Chapter S Form SCT-RTN	2023	SCT-RTN	CORP
Partnership Form PRT-RTN	2023	PRT-RTN	PART
Corporate Extension CIT-EXT	2023	CIT-EXT	CORP
Sub-Chapter S Extension SCT-EXT	2023	SCT-EXT	CORP
Partnership Extension PRT-EXT	2023	PRT-EXT	PART
DE Composite Return CMP-TAX	2023	CMP-TAX	PART
DE Composite Extension CMP-EXT	2023	CMP-EXT	PART
Corporate Form CIT-TAX	2024	CIT-TAX	CORP
Sub-Chapter S Form SCT-RTN	2024	SCT-RTN	CORP
Partnership Form PRT-RTN	2024	PRT-RTN	PART
Corporate Extension CIT-EXT	2024	CIT-EXT	CORP
Sub-Chapter S Extension SCT-EXT	2024	SCT-EXT	CORP
Partnership Extension PRT-EXT	2024	PRT-EXT	PART
DE Composite Return CMP-TAX	2024	CMP-TAX	PART
DE Composite Extension CMP-EXT	2024	CMP-EXT	PART

Copy of Federal Return Required *(aside from Composites)*

An XML copy of pages 1 through 5 of the actual federal income tax return as filed with IRS for the corresponding tax period must be attached to all business tax filings. If the return includes shareholders or partners, copies of the Delaware A-1 or Federal K-1 forms must be included. The Delaware filing will not be complete unless the required federal information is attached.

Corporations included in a consolidated filing for federal income tax purposes must file separate returns (pro-forma) for Delaware purposes and attach an XML copy of pages 1 through 5 of the actual consolidated federal return to each Delaware filing. Each Delaware filing must also include an XML or PDF copy of the columnar schedules of income and expense and balance sheet items (which are required for the federal filing), reconciling the separate items of each member corporation to the consolidated totals.

Additional Documents Required to Be Provided

Additional documents that Business Tax e-File software **must** produce:

- Delaware Payment Voucher for filers with a balance due

Delaware requires that certifications, supporting, and signature documents be transmitted to Delaware electronic filing as a PDF document.

Please use the Reference Document ID attribute to link the attachment to the appropriate location on the return. All PDF attachments must be listed in the binary attachment portion of the return.

What Cannot Be Transmitted Electronically

The following types of returns are excluded from electronic filing:

- Returns with a power of attorney currently in effect for the refund to go to a third party
- Business tax returns for tax years not supported by the IRS

- Amended returns
- Composite returns prior to 2023

Acknowledgement System

Delaware generates an acknowledgement for all returns received.

Acknowledgement types are:

Accepted – This acknowledgement indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required regarding the transmission. If additional information is needed to process the return, the taxpayer will be notified by mail.

Rejected – This acknowledgement indicates the electronic return was received but failed to complete the pre-entry validation process. The acknowledgement contains codes and error descriptions indicating the cause of the rejection. The error condition must be corrected, and the return can then be re-transmitted as a “State-Only” transmission.

Acknowledgement files received must be retained for one year after transmission.

SECTION 3

Additional Information

General Information

Filing a tax return is the responsibility of the taxpayer, and filing returns electronically requires an agreement between the taxpayer and the ERO.

Refund Returns

Taxpayers can elect to have their overpaid taxes issued in the form of a refund check. Taxpayers may choose to have all, or part of their refund applied to their estimated tax account for the next year.

Balance Due Returns

Taxpayers who file their return electronically can elect to pay their balance due by three different methods.

- Direct debit (electronic funds withdrawal), for a full or partial payment when filing their return and choose a debit date up to the due date of the return.
- On-line Electronic Funds Transfer (EFT) ACH Debit.
- Check or money order accompanied by a payment voucher.

SECTION 4

Responsibilities of EROs and Transmitter

Confidentiality

The Delaware Division of Revenue expects tax software companies to develop products that help their customers protect taxpayer data. Software companies are encouraged to heed IRS Publication 4557, *Safeguarding Taxpayer Data: A Guide for Your Business*.

The Delaware Division of Revenue encourages tax software companies to develop products that implement the IRS's six e-file security and privacy standards to better protect taxpayer information collected, processed, and stored by Authorized IRS e-File providers. More information on these standards is available at <https://www.irs.gov/e-file-providers/irs-e-file-security-privacy-and-business-standards-mandated-as-of-january-1-2010>

Timeliness of Filing

All prescribed due dates for filing of returns apply to MeF returns. If any due date falls on a Saturday, Sunday or a legal holiday, the return must be filed by the next business day.

All authorized Delaware EROs must ensure that returns are promptly processed. An electronically filed return is not considered filed until the electronic portion of the tax return has been acknowledged by Delaware as accepted for processing. If the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, but the ERO and the taxpayer comply with the requirements for timely resubmission of a correct return, the return will be considered timely filed.

The receipt of an electronic postmark will provide taxpayers with confidence that they have filed their return timely. The date of the electronic postmark is considered the date of filing when the date of electronic postmark is on or before the prescribed due date and the return is received by Delaware after the prescribed due date for filing. All requirements for filing the required documents, including the first five pages of the federal return, as well as resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

Resubmission of Rejected Tax Returns

Delaware monitors the timeliness of the error correction process when an error acknowledgement is sent. Failure to provide timely correction or erroneous returns can cause a revocation of privileges.

If an electronic acknowledgement has not been received within forty-eight (48) hours of our scheduled retrieval process for any transmitted return/report, the ERO should contact the Delaware helpdesk for further instructions. **It is the responsibility of the ERO to ensure that every return/report filed electronically is acknowledged as accepted.**

SECTION 5

Software Design Information

Developer's Responsibilities

Software Developers should:

- Develop tax preparation software in accordance with statutory requirements and Delaware return preparation instructions.
- Provide accurate Delaware income tax returns in correct electronic format for transmission.
- Develop software capable of producing a printed copy of the complete electronic filing which includes a **“Do Not Mail”** watermark on the forms printed, as paper documents are not to be sent to Delaware, when filing electronically unless the taxpayer is specifically requested to do so.
- Provide data validation, verification, and error detection to prevent transmissions of incomplete, inaccurate, or invalid return information.
- Prevent electronic filing of any form not approved for electronic filing by Delaware.

Software Acceptance, Testing and Approval

Software developers are required to test with Delaware for accuracy and to ensure that their software adheres to Delaware business rules and to ensure successful transmission and receipt of acknowledgements. EROs must use tax preparation software that has been approved for use by Delaware.

Software developers will use the Federal/State 1120/1065 schema which has been developed by states in partnership with the IRS, state revenue departments, and software developers, as well as the Delaware schema/spreadsheet.

Developers should follow instructions from the tax forms to calculate the appropriate data elements in the XML schema.

The e-File test package will consist of documentation of special test conditions as well as copies of the state test returns and will be made available to all software developers who indicate their intention to support Delaware Business Tax e-File.

Delaware's starting test date is tentatively scheduled to begin November for upcoming tax year but is subject to IRS system availability and is subject to change. ***Software developers may submit test returns for timely acceptance testing until January 31, 2025. After January 31, 2025, software developers must request approval from the Delaware Division of Revenue to conduct acceptance testing for 2024 Business tax forms. For Composites, will allow for late***

testing; please notify via email on plans to test later in the 2025 year. To request approval for late acceptance testing, vendors should contact the Delaware e-File Help Desk at REV_Mef_support@Delaware.gov.

Software developers should contact the MeF Business Tax Help Desk prior to testing and again after they have successfully tested and retrieved their acknowledgement.

If the software developer is not acting as the ERO, the software developer is responsible for providing acknowledgements to the ERO within two days after receipt of acknowledgement. Failure to do so could lead to suspension from the Delaware Program.

Software errors which cause electronic returns to be reviewed, that surface after testing has been completed, should be quickly corrected to ensure that EROs have the ability to timely and accurately file their electronic returns. Software updates related to software errors should be distributed promptly to users together with any documentation needed.

To seek approval, the software developer must transmit all software developer supported test returns as indicated on the Delaware Letter of Intent. Only use DE Division of Revenue's test data names and tests we provide. Please do not create and submit your own test data and names. A software developer must complete and obtain approval for each state test packet (as indicated on the LOI) before final written approval confirmation will be issued by the State.

General Information

Delaware will accept the following types of filing:

- Fed/State Original
- State only

Federal/State Original – The Delaware Business Tax e-File program works best when the Federal and State returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the IRS will validate and verify the Federal return data. The IRS will either accept or reject the Federal return. The State return is made available to Delaware after the Federal return is accepted by the IRS.

State Only – IRS provides the ability for an ERO to transmit and re-transmit a State return through the Federal/State system without simultaneously transmitting an original Federal return. State only returns are transmitted to the IRS, validated, and made available for states to retrieve in the same fashion as with the Fed/State transmission. This provides a method for individuals who file multiple state returns to have each participating state's return filed electronically. Each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted, and accepted by IRS before transmitting/re-transmitting a State only return.

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.) unless the data element is required by Delaware's schema.

Detailed requirements for decimal placement in ratios and percentages are in the Delaware's state-specific schemas.

Software Developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal can be made from the taxpayer's checking or savings account. The taxpayer can choose the date that they want the amount owed withdrawn from their account up to the due date of the return. Returns electronically filed after the due date using electronic funds withdrawal must use a withdrawal date equal to the date of return preparation. The electronic funds withdrawal will then occur immediately after the electronic return is accepted. Partial payments can be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Delaware Division of Revenue. Therefore, any public communication that refers to a user's electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the use for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by the Delaware Division of Revenue. No advertisement may state or infer that electronic filing changes in any way the filing, payment, or legal obligations of the taxpayer.

Delaware will monitor the quality of the transmissions. Accepted returns will be monitored along with rejects, errors, and other defects. If quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic business tax returns. When suspended, the retrieval process will be inactivated halting further processing of business tax electronic returns.

Electronic filers and EROs are expected to place the taxpayer first in providing return/report preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return/report. This includes, but is not limited to, access to status of the return and access to organization representatives to resolve any questions or concerns.

Suspension

Software Developers, Transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy to participate in the Delaware Business Tax e-File program.

All Software Developers and EROs must comply with the requirements and specification contained in the Delaware Business Tax e-File Handbook. Failure to comply with all requirements and specifications could result in being suspended from the program.

Additionally, Delaware reserves the right to deny participation in our program for the reasons listed below:

- If your company is required to register to conduct business in the state, but company is not registered
- If your company has any outstanding liabilities with the state
- If your company fails to adhere to the state Business Tax e-File program requirements and schema
- If your company does not consistently provide error free returns
- If your company uses unethical practices in return preparation

Administrative Review

Any applicant or filer who has been denied or suspended from participation in the Business Tax Electronic Filing Program may request an administrative review within 30 days from the date of denial or suspension. All requests should be mailed to:

**Kathy Revel
Director
Delaware Division of Revenue
820 N. French Street
Wilmington, DE 19801**

***** EXCEPTION CODES *****

CODES	DESCRIPTIONS
1	POSSIBLE DUPLICATE
9	INCOME TAX CREDIT TAKEN
18	REPORTED NOT EQUAL REMITTED
24	RETURN RECEIVED BEFORE TPE
25	RETURN RECEIVED AFTER AUDIT COMPLETED FOR SAME TPE
30	TRUE DUPLICATE
36	TPID & SUFFIX NOT FOUND ON BMF FILE
42	INFO RTN WITH A CREDIT BAL
43	INFO RTN WITH A BAL DUE
44	INFO RTN WITH A 0 (ZERO) LIAB
45	BMF STATUS NOT ACTIVE
46	INVALID TPE DATE
47	AMENDED FILE-NO ORIGINAL EXISTS
48	NOL CARRYFORWARD CLAIMED
49	TENT TAX ON RTN NE PAYMENTS ON RAS
50	CRDT C/O ON RTN NE CREDIT CARRYOVER ON RAS
51	CREDIT BALANCE EXISTS, NO FINANCIALS CREATED
55	NOL CARRYFORWARD CLAIMED – CREDIT BALANCE (REFUND DUE)
56	CARRYOVER TO BE INTERCEPTED
57	SCHEDULE 1 AND SCHEDULE 2 INTEREST RECONCILIATION
58	OTHER PYMNTS ON RTN NE PYMNTS ON RAS
60	CREDIT BALANCE EXISTS, NO FINANCIAL CREATED FOR BAB
81	CIT RTNS CONV FROM CORRECTIONS FILE
82	CIT RTNS W/O DETAIL LINES
800	CALCULATION ERROR- ORIG
801	CALCULATION ERROR- INFO