Missouri Department of Revenue
Software Developer's Guide
Individual Income Tax
MeF
Tax Year 2018

DRAFT
10/16/18

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Changes for Tax Year 2018

- **TY 2018 Missouri Tax Rate updates:**

If the Missouri taxable income is	The tax is
$0 to $102	$0
At least $103 but not over $1,028	1-1/2% of the Missouri taxable income
Over $1,028 but not over $2,056	$15 plus 2% of excess over $1,028
Over $2,056 but not over $3,084	$36 plus 2-1/2% of excess over $2,056
Over $3,084 but not over $4,113	$62 plus 3% of excess over $3,084
Over $4,113 but not over $5,141	$93 plus 3-1/2% of excess over $4,113
Over $5,141 but not over $6,169	$129 plus 4% of excess over $5,141
Over $6,169 but not over $7,197	$170 plus 4-1/2 of excess over $6,169
Over $7,197 but not over $8,225	$216 plus 5% of excess over $7,197
Over $8,225 but not over $9,253	$267 plus 5-1/2 of excess over $8,225
Over $9,253	$324 plus 5.9% of excess over $9,253

- **Removal of all Missouri exemptions including:**
  - Personal Exemption
  - Additional Personal Exemption
  - Dependent Exemption (including stillborn deduction)
  - Over age 65 Dependent Exemption

- **Due to changes in Public Law 115-97, the Missouri standard deductions, which are equal to federal standard deductions, have changed:**

Filing Status	Standard Deduction
Single	$12,000
Married filing combined	$24,000
Married filing separate	$12,000
Head of household	$18,000
Qualified widow(er)	$24,000
Claimed as a dependent on another return	Amount is still $1,050, or earned income plus $350

- **Additional Standard Deduction for Aged or Blind**
  - For taxable years beginning in 2018, the additional standard deduction amount under § 63(f) for the aged or the blind is $1,300. The additional standard deduction amount is $1,600 if the individual is also unmarried and not a surviving spouse.

- **Filing Status "Married Filing Separate- Spouse Not Filing" removed for tax year 2018**

- **The worksheet on MO-A Part 2 has been updated because the limit on overall itemized deductions has gone away. There is a new limit on state and local taxes.**

- **New Business Income Deduction (MO-A, Part 1, Line 17) - A five percent subtraction from federal adjusted gross income will be allowed on the 2018 Missouri return for the Missouri source combination of:**
  - The total combined profit as properly reported to the Internal Revenue Service on each Schedule C filed and
  - The total partnership and S corporation income or loss properly reported to the Internal Revenue Service on Part II of Schedule E.

- **The following trust funds terminated 9/1/2018. Any return filed after this date cannot contribute the these trust funds:**
  - Puppy Protection Trust Fund
  - Developmental Disabilities
  - American Red Cross

- **E-filed MO-1040 returns claiming the Military Income Deduction must also include documentation to verify the active duty status. It is the Department's preference to receive the documentation via PDF with the e-filed return. However, if the software does not support PDF attachments, the taxpayer should be instructed to send this information via email to EFileSupportingDoc@dor.mo.gov.**

Introduction

The Missouri Department of Revenue in conjunction with the Internal Revenue Service (IRS) accepts Individual Income Tax returns and corresponding forms and schedules for tax year 2016, 2017 and 2018 via the Modernized E-File system (MeF). The transmission method is a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data will be formatted using Extensible Markup Language (XML). Authorized E-File providers, also known as Electronic Return Originators (ERO's) can submit returns to the IRS MeF system for federal and state return processing. State returns can be submitted as a federal return with a state return attached, called a "Fed/State" return, or as a state return, known as a "Unlinked" submission. Each return (Fed/State or Unlinked) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with the department and receive approval prior to submitting live Fed/State or Unlinked returns.

The Department will begin accepting tests on November 19, 2018. This is subject to change. Notification will be sent via e-mail if this changes.

Schema Version

The current 2018 schema version is MOIndividual2018v1.0

The current 2017 schema version is MOIndividual2017v3.0

The current 2016 schema version is MOIndividual2016v2.0.

Contact Personnel

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Mailing Address: Missouri Department of Revenue
                    P.O. Box 543
                    Jefferson City MO 65105-0543
                    Attn: Electronic Filing Unit

Missouri Website :   www.dor.mo.gov

Information for Software Vendors: http://dor.mo.gov/vendors/

Acceptance and Participation

1. Missouri will accept returns electronically from IRS approved software providers. Software providers will work in a cooperative partnership effort with the department.

2. Software providers should make the following information available to the department for participation:
   - Software developer company name
   - Address
   - Primary contact name
   - Secondary contact name
   - Primary/Secondary telephone number
   - Primary/Secondary fax number
   - Primary/Secondary e-mail addresses

Developer's Responsibilities

Developed software must:

- Adhere to all federal and state procedures, requirements and specifications. These requirements are specified in IRS Publication 4164, *Modernized e-File Guide for Software Developers and Transmitters.*

- Successfully complete all testing.

- Be developed in accordance with statutory requirements and department return preparation instructions.

- Provide accurate Missouri Individual Income tax returns in correct electronic format.

- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information.

- Software provider must be available to correct any software errors, which may occur after production begins, and work with the department to follow up on any processing issues that may arise during filing season. If software providers need to re-release corrected software, it should be done in a timely manner and proper notification should be made to all customers.

Software Acceptance, Testing and Approval

1. Testing is scheduled to begin November 19, 2018. The testing system will be available until August 31, 2019. Please notify the Department when test returns have been sent. If the begin date for testing changes, notification will be sent out.

2. The department test package will consist of the following publications:

   - Missouri XML Schema

   - PDF copies of state test returns

   - Return Scenarios

3. Please support all schedules, forms, and occurrences. It is important that customers are provided with a complete range of services. (NOTE: If not supporting all forms, schedules, and occurrences, please inform the department before the first test transmission.)

4. The department will provide test results in a timely manner, usually within 2 days of receipt. A software provider who successfully tests will receive a written verification upon completion of testing.

Acknowledgement System

1. The department will generate an acknowledgement of acceptance or rejection for all returns received. The acknowledgement record will be in a format approved and agreed upon by the IRS, state agencies, transmitters, and software developers.

2. Transmitters and software developers should allow 5 working days to receive the State acknowledgement before contacting the department.

Return Error Reject Codes

Rule Number	Rule Text	Error Category	Severity
X0000-002	Incorrect Transmission Data	Incorrect Data	Reject
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.	Data Mismatch	Reject
X0000-004	No submission file found in state submission directory.	Missing Data	RejectAndStop
X0000-005	The XML data has failed schema validation.	XML Error	RejectAndStop
X0000-006	MeF Gateway experiences system error.	System Error	RejectAndStop
X0000-007	Other State Submission.	XML Error	Reject
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
X0000-009	Software is not certified to transmit this submission type	Incorrect Data	RejectAndStop
MO1040-0000	Duplicate Submission	Incorrect Data	RejectAndStop
MO1040-0001	There was not a Form MO-PTS attached to this submission.	Missing Data	Reject
MO1040-0002	There was not a Form MO-TC attached to this submission.	Missing Data	Reject
MO1040-0004	MO- 1040 with Home Energy Audit subtraction claimed on Form MO-A must have a Form MO-HEA included in the submission	Missing Data	Reject
MO1040-0005	There was not a valid Missouri Itemized Deduction Schedule and Federal Schedule A provided with this return.	Missing Data	Reject
MO1040-0006	There was not a Form MO-NRI attached to this submission.	Missing Data	Reject
MO1040-0007	The Missouri Income Percentage on Form MO-NRI must match the Missouri Income Percentage on Form MO-1040.	Incorrect Data	Reject
MO1040-0008	There was not a Form MO-CR attached to this submission.	Missing Data	Reject
MO1040-0009	MO-1040 with QHIP amount claimed on Form MO-A must have the QHIP worksheet included in the submission	Missing Data	Reject
MO-1040-0010	There was not a Form MO-2ENT attached to this submission.	Missing Data	Reject

General Information

1. The department will support the following forms and schedules in MeF for TY 2018:

   - Form MO-1040 (Individual Income Tax Return)

   - Form MO-1040A (Individual Income Tax Return –Short Form)

   - Form MO-1040P (Individual Income Tax Return and Property Tax Credit/Pension Exemption- Short Form)

   - Form MO-A (Individual Income Tax Adjustments)

   - Form MO-CR (Credit for Income Taxes Paid to Other States)

   - Form MO-NRI (Missouri Income Tax Percentages)

   - Form MO-PTS (Property Tax Credit Claim)

   - Form MO-RET (Real Estate Tax Receipt)

   - Form MO-HEA (Home Energy Audit)

   - Form MO-TC (Miscellaneous Tax Credits) – **Documentation to support the credit must be sent as a PDF attachment. If documentation is not received, a notice will go out asking for documentation to verify the credit claimed.**

   - Form MO-2ENT (Statement of Income Tax Payments for Nonresident Entertainers)

   - MO-QHIP – (Qualified Health Insurance Premiums Worksheet)- **Documentation to support may be required. Software should support the ability to send PDF attachments if supporting the MO-QHIP.**

Note: Tax year 2016 and 2017 returns will be accepted from vendors approved for those years.

2. The department will accept the following return types:

   - Fed/State: An original federal return submitted with one original state return.

   - Unlinked: A state return not submitted with an original Federal return. A complete copy of the federal date must be included for use by MODOR.

3. Send data elements <u>only</u> if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.). The exception is required data elements.

4. Decimal places for ratios and percentages:

   - Ratios and percentages will use a single position in front of the decimal and up to 8 decimal places unless otherwise specified. Examples:
     100% = 1.00000000
     37.3% =   .37333333

5. Exclusions from Individual Tax Electronic Filing through MeF include:

   - Amended returns

   - MO-CR with more than ten states per taxpayer

   - If a taxpayer files a MO-1040 with filing status of Married Filing Combined, but wishes to file a MO-PTS separately, it is recommended that the taxpayer file using a paper form.   This situation would occur if the taxpayers were married but lived separately for the entire year (ex. One spouse was confined to a nursing home or managed care facility).

   - Returns with more than twenty tax credits reporting on form MO-TC

6. Returns with financial fields should be formatted as whole dollars only (No decimal points or cents should be included).

7. Do not attach forms or schedules for which the taxpayer does not qualify or which is not to their advantage (Ex. MO-PTS which exceeds maximum income or calculates to zero).

8. When entering a return for a single taxpayer or a return with only one income, enter the amounts in the Yourself fields only.

9. Special Instructions for Form MO-PTS and Form MO-CRP: If CrpTypeOfRental on MO-CRP is '6' (Line 7, Box F - Low Income Housing), CrpCalc1 (MO-CRP, line 8) cannot exceed 40% of PtsTotalHouseholdIncome (MO-PTS, line 8).

10. If claiming a credit on Form MO-TC, BenefitNumber under MiscCreditInfo **must** be supplied for all credits, with the exception of the credits listed below. A Benefit Number will not be required for:
   AFI   Qualified Alternative Refueling Credit
   ATC   Adoption Tax Credit
   BTC   Bank Tax Credit for S Corporation Shareholders
   CIC   Children in Crisis Tax Credit
   DAC   Disabled Access Credit
   DAT   Dwelling Access Tax Credit
   FTP   Food Pantry Tax Credit

       LHC   Low Income Housing Credit
       SHC   Self-Employed Health Insurance Tax Credit
       SSC   Public Safety Officer Surviving Spouse Credit
       WEC   Wood Energy Tax Credit

11. If a taxpayer has railroad retirement compensation and is itemizing on Form MO-A, only the Medicare tax portion of Form W-2, Box 14 should be included on the Medicare tax line.

12. For Taxpayers claiming an apportioned tax credit on form MO-TC including the Adoption Tax Credit, Children in Crisis, Champion for Children, Food Pantry and Qualified Alternative Fuel, the Department would like the following language provided to the filer:

    "Apportioned tax credits have a funding limit each fiscal year. In the event the total amount of an apportioned tax credit exceeds the amount available for the year, the credit will be apportioned equally among all eligible taxpayers claiming the credit. If an apportionment occurs, the tax credit amount claimed on your return will be reduced."

13. Starting with TY 2017 the Department has eliminated Form MO-8453. Signature requirements for Missouri Individual Income Tax e-file will be fulfilled through the IRS e-file procedures.

Schemas and Transmission Specifications

1. The department will use the Missouri 1040 Schema, developed by states in partnership with the IRS and software developers. A copy of the Schema is included with the test package.

2. Software developers should apply the data element restrictions documented in the schema to the appropriate data elements in the software.

3. All XML data must be well formed.

4. Packaging of data and transmission payload must be in the proper format.

5. Returns filed in XML format with SOAP attachments allow for binary attachments to the submission. These attachments could consist of statement records or other types of documentation. The allowed file type for attachments is file extension .PDF. The file order of attachments and procedures must follow the IRS requirements for binary attachments as found in IRS publication 4163. The department will allow for binary attachments to the state return.

Other Packaging and Guidelines

- A submission should contain a Missouri state return and copy of the federal return including wage and income statements.

- Each submission must be a separate file.

- Each federal return must be submitted in the agreed upon IRS XML format.

- Each state return must be submitted in the XML format specified and agreed upon by IRS, state agencies, transmitters, and software developers.

- Each state return must include a complete copy of the federal return as submitted to the IRS and any attachments associated with that federal return.

- Each submission must be in Zip archive format.

- No nesting of Zip archive files or returns will be allowed. (i.e. one submission, one zip.)

- The SOAP message itself must not be compressed or zipped.

- The message must contain a header, a body, and an attachment. See Modernized E-File Logical ICD Model for message layout and message technical specifications.

- ERO's and transmitters must be approved with the IRS in order to submit Fed/State or Unlinked returns.

- The department will produce an acknowledgement of acceptance or rejection for each state submission. The transmitter may then retrieve the department's acknowledgement from the IRS.

- PDF names, including extensions, must be provided in the "AttachmentLocationTxt" element. The PDF file name must exactly match the name provided.

- Only the following State Submission Types will be accepted in the manifest:
  - **For MO-1040:   '1040'**
  - **For MO-1040A: '1040A'**
  - **For MO-1040P: '1040P'**

Appendix A   County Codes

County Code	County	County Code	County
ADAI	ADAIR	JACK	JACKSON
ANDR	ANDREW	JASP	JASPER
ARKA	ARKANSAS	JEFF	JEFFERSON
ATCH	ATCHISON	JOHN	JOHNSON
AUDR	AUDRAIN	KANS	KANSAS
BARR	BARRY	KENT	KENTUCKY
BART	BARTON	KNOX	KNOX
BATE	BATES	LACL	LACLEDE
BENT	BENTON	LAFA	LAFAYETTE
BOLL	BOLLINGER	LAWR	LAWRENCE
BOON	BOONE	LEWI	LEWIS
BUCH	BUCHANAN	LINC	LINCOLN
BUTL	BUTLER	LINN	LINN
CALD	CALDWELL	LIVI	LIVINGSTON
CALL	CALLAWAY	MACO	MACON
CAMD	CAMDEN	MADI	MADISON
CAPE	CAPE GIRARDEAU	MARE	MARIES
CARR	CARROLL	MARO	MARION
CART	CARTER	MCDO	MCDONALD
CASS	CASS	MERC	MERCER
CEDA	CEDAR	MILL	MILLER
CHAR	CHARITON	MISS	MISSISSIPPI
CHRI	CHRISTIAN	MONI	MONITEAU
CLAR	CLARK	MONR	MONROE
CLAY	CLAY	MONT	MONTGOMERY
CLIN	CLINTON	MORG	MORGAN
COLE	COLE	NEBR	NEBRASKA
COOP	COOPER	NEWM	NEW MADRID
CRAW	CRAWFORD	NEWT	NEWTON
DADE	DADE	NODA	NODAWAY
DALL	DALLAS	OKLA	OKLAHOMA
DAVI	DAVIESS	OREG	OREGON
DEKA	DE KALB	OSAG	OSAGE
DENT	DENT	OTHE	OTHER
DOUG	DOUGLAS	OZAR	OZARK
DUNK	DUNKLIN	PEMI	PEMISCOT
FRAN	FRANKLIN	PERR	PERRY
GASC	GASCONADE	PETT	PETTIS
GENT	GENTRY	PHEL	PHELPS
GREE	GREENE	PIKE	PIKE
GRUN	GRUNDY	PLAT	PLATTE
HARR	HARRISON	POLK	POLK
HENR	HENRY	PULA	PULASKI
HICK	HICKORY	PUTN	PUTNAM
HOLT	HOLT	RALL	RALLS
HOWA	HOWARD	RAND	RANDOLPH
HOWE	HOWELL	RAY	RAY
ILLI	ILLINOIS	REYN	REYNOLDS
IOWA	IOWA	RIPL	RIPLEY
IRON	IRON	SALI	SALINE

County Code	County
SCHU	SCHUYLER

SCOL	SCOTLAND
SCOO	SCOTT
SHAN	SHANNON
SHEL	SHELBY
STCH	ST CHARLES
STCL	ST CLAIR
STFR	ST FRANCOIS
STCT	ST LOUIS CITY*
STCO	ST LOUIS COUNTY*
STGE	STE GENEVIEVE
STOD	STODDARD
STON	STONE
SULL	SULLIVAN
TANE	TANEY
TENN	TENNESSEE
TEXA	TEXAS
VERN	VERNON
WARR	WARREN
WASH	WASHINGTON
WAYN	WAYNE
WEBS	WEBSTER
WORT	WORTH
WRIG	WRIGHT