



NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE



2020 Software Developer Teleconference

eFile and Vendor Support
Submission Processing Division
Wednesday, June 17, 2020

Teleconference Overview

- Welcome & Introductions
- Updates
 - Tax Legislation and Form Changes
 - Vendor Support
 - Questions & Answers
 - eFile
 - Questions & Answers
- Closing Remarks
- Conclude Teleconference

NCDOR Representatives

- Tax Administration Division
- Tax Information Processing (Application Development, Service Transition & Planning & Design)
- Submission Processing Division
- Tax Schedule Implementation

Software Developers & Payroll Service Providers

2020 Teleconference SD and PSP Attendee List

1099 Pro	Intuit
Aatrix	iSolved HCM
ADP	Jackson Hewitt
Apex HCM	MPay
Asure Software	Master Tax
Avalara	Nelco Solutions
Ceridian Tax Service Inc.	OneSource Virtual
CorpTax	On-Line Taxes, Inc.
Credit Karma	Paychex/Advantage
CrossLink Professional Tax Solutions, LLC	Paycom Online
CyberPay	Payroll People
Dillner's Accounting	Price Waterhouse Coopers
DMA, Inc.	PrimePay, LLC
Drake Software	Rush Tax
Edmunds and Associates, Inc.	SquareUp
ezTaxReturn.com	Tax Technologies, Inc. (TTI)
FileYourTaxes.com	Tax Act
Greatland	TaxHawk, Inc.
Green Shades	TaxSlayer
H&R Block	Thomson Reuters (Tax Accounting) Inc.
Heartland	Wolters Kluwer

Updates



NCDOR **D-400**
2019 Individual Income Tax Return

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2019, or fiscal year beginning on or after 1/9 and ending on or after 12/31

AMENDED RETURN

Enter date of death of deceased taxpayer or deceased spouse

Enter rate of death of deceased taxpayer or deceased spouse

Are you a resident of N.C. for the entire year?

Is your spouse a resident for the entire year?

Are you a veteran?

Is your spouse a veteran?

Did you grant an automatic extension to file your 2019 federal income tax return (Form 1040)?

1. Single

2. Married Filing Jointly

3. Married Filing Separately

4. Head of Household

5. Qualifying Widow(er)

6. Federal Adjusted Gross Income

7. Additions to Federal Adjusted Gross Income

8. Add Lines 6 and 7

9. Deductions from Federal Adjusted Gross Income

10. Child Deduction

11. N.C. Standard Deduction OR N.C. Itemized Deductions

12. Add Lines 6, 7, 8, 9, 10, and 11

13. Part-year Residents and Nonresidents Taxable Percentage

Form D-401

North Carolina Individual Income Tax Instructions

THIS BOOKLET CONTAINS INSTRUCTIONS FOR
FORMS D-400, D-400 SCHEDULE S, D-400 SCHEDULE PN, D-400TC,
AND D-400 SCHEDULE AM FOR TAX YEAR 2019

eFile

- ✓ Make it easy on yourself - file electronically
- ✓ Convenient, faster, more accurate
- ✓ Pay by bank draft (no convenience fee)
- ✓ Direct deposit for state tax refunds

You may qualify to file for free!
Visit the Department's website to get started.

NCFirefile

Declaración Electrónica (EN ESPAÑOL)



Tax Legislation and Form Updates

Note: Until the General Assembly adjourns, DOR cannot be sure of the changes that will affect the 2020 tax forms.

- Sales and Use
- Withholding
- Fiduciary
- Partnership Income
- Corporate Income and Franchise
- Individual Income

Tax Legislation and Form Updates

Sales and Use

Additional 0.25% Sales and Use Tax were levied for Bertie County and Forsyth County

- The levy is effective as of July 1, 2020

Withholding

Expansion of 4% Mandatory Withholding Requirement

The law which requires North Carolina income tax to be withheld from payments made to nonresidents for personal services and to ITIN contractors has been amended to also require withholding on compensation paid to the following non-wage compensation recipients for services performed in North Carolina:

- 1) Persons who fail to provide the payer a taxpayer identification number.
- 2) Persons who fail to provide the payer a valid taxpayer identification number.
- 3) Persons who have applied for an Individual Taxpayer Identification Number (ITIN).
- 4) Persons who have an expired ITIN.

The changes were enacted as part of [Session Law 2019-169](#) (Senate Bill 523), and are effective January 1, 2020. For additional details, see [Directive TA-19-1](#)

Tax Legislation and Form Updates Cont'd

Withholding cont'd

New Form NC-1099M (Compensation Paid to a Payee)

Effective for non-wage compensation paid on or after January 1, 2020, a payer must use Form NC-1099M to report non-wage compensation paid to a payee. If a payer is required to complete a federal Form 1099-MISC or Form 1099-NEC to report the non-wage compensation paid to a payee, the payer does not have to complete this form. A payer should not use this form to report the payment of wages. For additional details, see [Form NC-1099M](#).

Changes as a result of increase to North Carolina standard deduction for tax year 2020

[Session Law 2019-246](#) increased the standard deduction amounts for all filing statuses:

- Married, filing jointly/surviving spouse - \$21,500
- Head of Household \$16,125
- Single \$10,750
- Married, filing separately \$10,750.

As a result of this, following changes were made:

- Revisions to the Formula Tables for Percentage Method Withholding Computations and Annualized Method Withholding Computations in Section 27 of [NC-30](#) (2020 Income Tax Withholding Tables and Instructions for Employers).
- Revisions to Wage Bracket Tables in Section 28 of NC-30.
- Revisions to Forms NC-4, NC-4 NRA, and NC-4P.

Tax Legislation and Form Updates Cont'd

Estates and Trusts

- D-407V Estates & Trusts Income Payment Voucher (Web-fill only)

Partnership

- Change in the computation of the apportionment factor
 - Calculate by utilizing Market Based Sourcing of receipts

Corporate

- Change in the computation of the apportionment factor
 - Calculate by utilizing Market Based Sourcing of receipts

Tax Legislation and Form Updates Cont'd

Individual Income

- Standard Deduction increased for taxable years beginning 1/1/20
 - Married, filing jointly/surviving spouse - \$21,500
 - Head of Household \$16,125
 - Single \$10,750
 - Married, filing separately \$10,750.

Tax Legislation and Form Updates Cont'd

Plan to Add New SD Form Versions

- There is a plan to add the following forms for SD development:
 - Form NC-4 NRA
 - Form NC-4P
- These forms serve a similar purpose as forms NC-4 and NC-4EZ
 - NC-4 & NC-4EZ currently have SD versions for software development

Vendor Support Unit

Agenda

- Review Results from the 2019 Approval Season Process Reports
- Review Expectations for Paper Submissions
- Review Preparation for the 30-Day Approval
- Review Life Cycle of Substitute Tax Forms
- Review Recommended Turnaround Times
- Review Common Errors Identified During 2019 Approval Season
- Review Common Errors Identified During Processing
- Review Items for 2020 Approval Season
- Review Recommended SD Resources

2019 Approval Season Process Report



(SD) 2019 Approval Season Process Report

Form Requested	Form Name	Type	Start	Finish	Approved By Date	Days to Complete	Approved Timely	Times Resubmitted	Meets Standards?
D-400V	Individual Income Payment Voucher	Unchanged	09/20/19	09/26/19	09/29/19	6	Yes	1	Yes
D-400V Amd	Amended Individual Income Payment Voucher	Unchanged	09/24/19	09/30/19	09/29/19	6	Yes	1	Yes
NC-40	Individual Estimated Income Tax	Unchanged	09/18/19	09/24/19	09/29/19	6	Yes	1	Yes
NC-NPA	Nonresident Partner Affirmation	Unchanged	09/20/19	09/24/19	09/29/19	4	Yes	1	Yes
D-400	2019 Individual Income Tax Return	Updated	10/10/19	10/29/19	10/24/19	19	Yes	2	Yes
D-400 AM	2019 Amended Schedule	Updated	10/14/19	10/14/19	10/24/19	0	Yes	0	Yes
D-400 PN	2019 Part-Year Resident and Nonresident Schedule	Updated	10/03/19	10/18/19	10/24/19	15	Yes	1	Yes
D-400 S	2019 Supplemental Schedule	Updated	10/11/19	10/29/19	10/24/19	18	Yes	1	Yes
D-400 TC	2019 Individual Tax Credits	Updated	10/10/19	11/07/19	10/24/19	28	No	2	No
D-410	Application for Extension for Filing Individual Income Tax Return	Updated	10/11/19	10/23/19	10/24/19	12	Yes	1	Yes
D-403	2019 Partnership Income Tax Return	Updated	10/11/19	10/29/19	10/30/19	18	Yes	2	Yes
D-403 K-1	2019 Partner's Share of N.C. Income, Adjustments, and Credits	Updated	10/15/19	10/25/19	10/30/19	10	Yes	1	Yes
D-403TC	2019 Partnership Tax Credit Summary	Updated	10/16/19	11/07/19	10/30/19	22	Yes*	1	Yes
D-422	2019 Underpayment of Estimated Tax by Individuals	Updated	01/08/20	01/16/20	01/30/20	8	Yes	1	Yes

Given access to the website on 8/30/19

* DOR Delay

93%
Exceptional

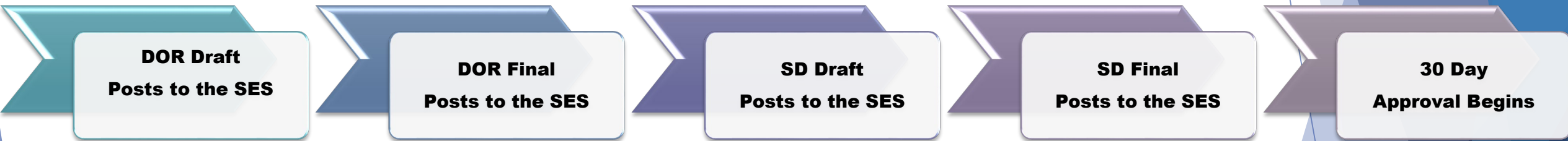
65% of Paper Developers were able to meet the Expectations for the 2019 Approval Season for Substitute Tax Forms/Paper Submissions.

Expectations for Paper Submissions

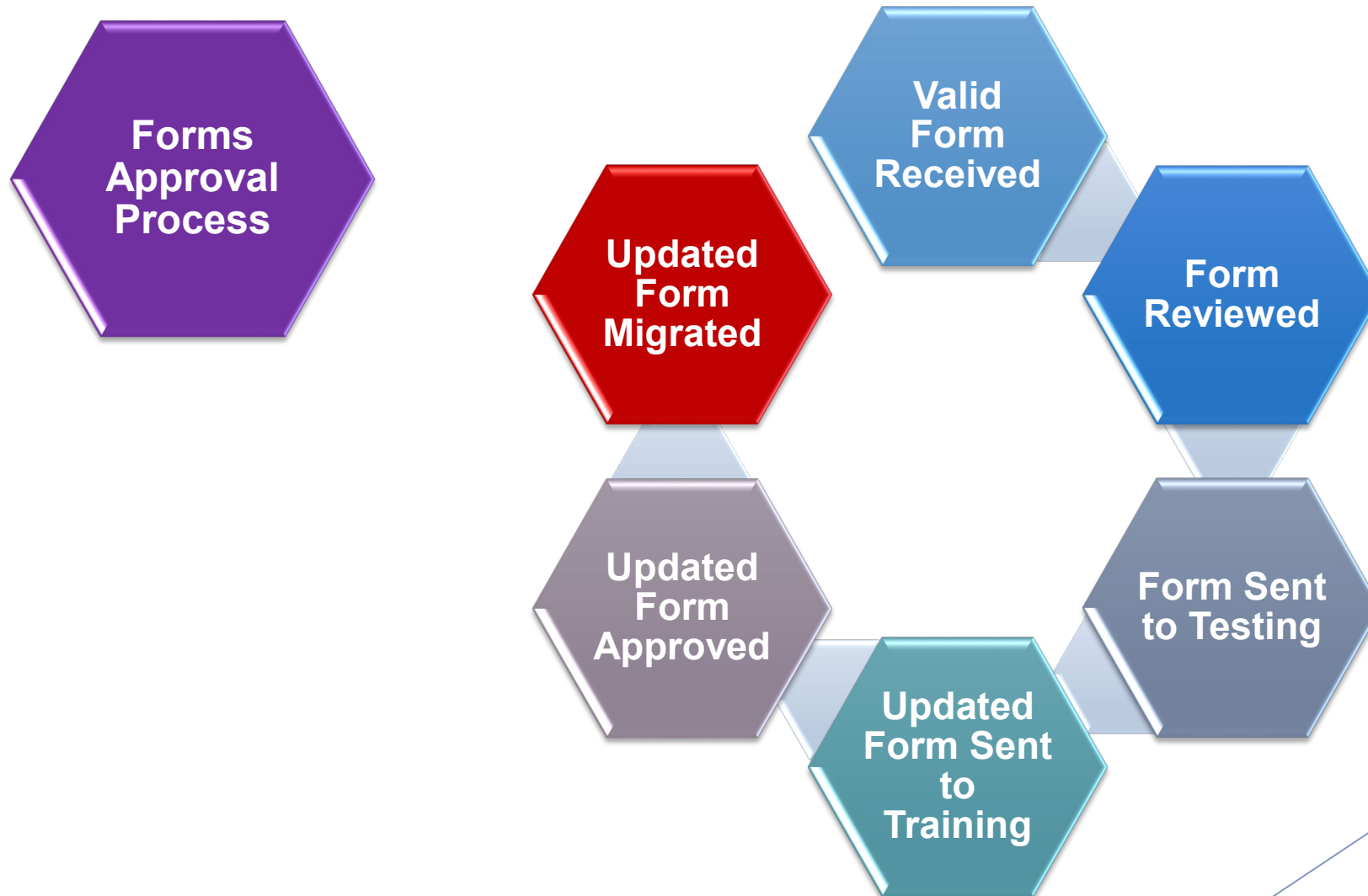
The expectations for each Approval Seasons for Paper Submissions are:

- Paper substitute tax forms to be submitted and approved within thirty (30) days of the posted date.
- Forms should be approved in three (3) or fewer attempts including the initial submission.

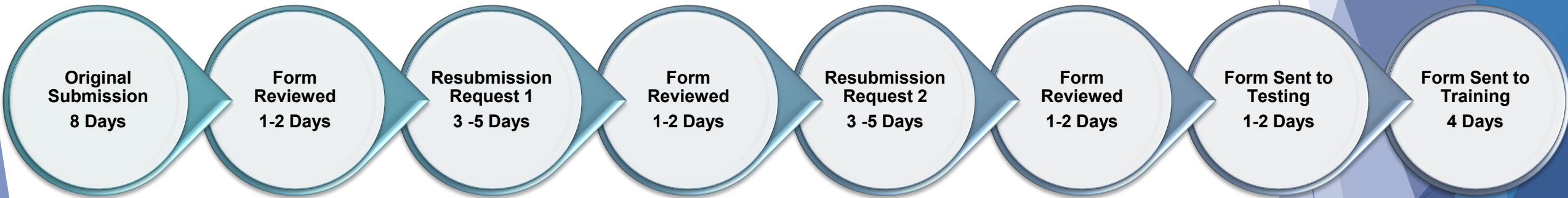
Preparation for the 30-Day Approval



Life Cycle of the Forms Approval Process



Recommended Turnaround Times



Approval Season Errors Identified During 2019 Approval Season

1. Required negative values not present in the scan band
2. Incorrect naming scheme on subject line for submissions.
3. Incorrect prefixes for FEINs/SSNs in samples
4. Submissions split into multiple PDFS for the same form

Negative Values in the Scan Band

All negative values shown on the full field must be present in the scanband of at least one test sample submitted; details will be listed on the updated 2020 Spec.

CD-405

C CORPORATION TAX RETURN 2020 (REVISION 9-3-20)

CHANGES FOR THE YEAR

- The revision date was updated to 9-3-20
- Tax year reference updated
- Barcode, line geometry and tax year references updated.
- Part A Line 4 tax rate change (Multiply Line 3 by .00125 (\$1.25 per \$1,000.00 - minimum \$200.00)
- When submitting a foreign test sample:
 - Foreign country present in Demographic info.
 - No county or state present in the Demographic info.
 - Zip code of 00000 required in (2) fields of scanband.

Production Details:

Approved By Date:	November 30, 2020
Form Period Date Effective:	Calendar Year Ending 12/31/20 and Fiscal Years Ending in 2021
For Filing Periods	Calendar Year 2020 and Fiscal Year Ending 2021
Form Placed in Software:	After December 19, 2020
Unchanged/Updated:	Updated

9-12 TEST SAMPLES REQUIRED:

- 1 Blank
- 1 Full Field
- 7 by PDF or 10 by Mail which must include the following:
 - 1 Test sample with negative values on lines 10, 11, 15, 16, 18, 19 and 20
 - 3 or more Fiscal Year |

BARCODE:

The barcode must read 63001XX022. Replace (xx) with your two-digit Software Developer Identification Number.

Align barcode between Row 31, Column 6-10 and Row 46, Column 6-10. Print the barcode number either stacked or vertically to the right side of the barcode.

USE:

- All capital letters for variable text
- Correct barcode length
- Correct matching line geometry
- Data placement from SD version
- Seven (7) spaces in scan band for percentage but actual percentage on supporting pages
- Hard coded year "20" for the tax year - including blank copy
- High resolution bitmap for barcodes
- Matching alignment between the full field and test samples
- No punctuation or special characters in address field
- Proper format when data of paid preparer ID and telephone number flows into scan band
- Various ID numbers using the prefixes of 999, 900, 000 or 666 for SSNs

Incorrect Naming Scheme on Subject Line

Incorrect naming scheme on subject line for submissions.

Examples: Wrong version number or incorrect date

E-mail Naming scheme

E-mail subject lines must be typed as indicated.
(If the subject line is formatted incorrectly, the developer will be required to resubmit the forms in the correct format.)

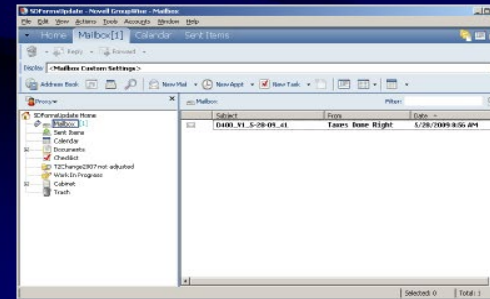
(Form number_Version number_Date_Vendor number)

(Note: Please make sure that your version numbers are correct.)

examples

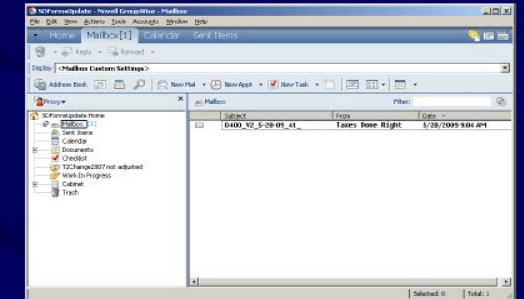
Initial Submit

D400_V1_5-28-09_41



Resubmit Number 1

D400_V2_5-28-09_41



Review instructions on how to properly submit PDFs at:

<https://www.ncdor.gov/documents/how-provide-pdf-forms-email>

Incorrect prefixes for FEINs/SSNs

- Use prefixes of 999, 900, 000 or 666 form sample SSNs or FEINs on the full field and test samples
- Refer to the Requirements document for more detailed information

Submissions Having Multiple PDFS

- Forms submissions should be sent in 1 PDF file to SDFormsUpdate@ncdor.gov
- Refer to Specification documents for your form's test sample submission requirements.
- Review instructions on how to properly submit PDFs at: <https://www.ncdor.gov/documents/how-provide-pdf-forms-email>

Common Errors Identified During the 2020 Processing

1. Approved forms in production
2. Common production error
 - Altered forms

Approved Forms In Production

- Approved forms should match the forms generated in software.
- Communicate software updates.
- Ensure all software settings are the same throughout the different products.

D-407 2015 Estate and Trusts Income Tax Return
North Carolina Department of Revenue
NCDOR
NRT 6-4 2015

For calendar year 2015 or fiscal year beginning Federal Employer's Identification Number Social Security Number EIN

Trust Information
 Annuity/Retire Final Return Early Tax Withdrawal Qualified Personal Trust
 Trust Information
 Trust Information
 Trust Information
 Trust Information

MICROSPON SALES NC 27101-2819

	1	W	27101	IA	N	AR	N	FR	N	SD	N	QC	N
01													
02													
04													
06													
08													
09													

01 4019 10 0 16 0
02 0 11 0 18 0
04 0 12 0 19 0
06 0 14 0 21 0
08 0 153 0
09 0 158 0

02 11 16 02 11 16

2020 Processing Errors

- Altered forms in production

Incorrect Form Layout:

D-400V
9-16-08

Individual Income Payment Voucher
North Carolina Department of Revenue

REV 02/02/20 TTW

For Calendar Year 2019

AMOUNT OF THIS PAYMENT
This must match the amount shown
on your check or money order.

\$ 631 . 00

Taxpayer/Paid Preparer: SELF - PREPARED

Date: _____ Phone: _____

20192 [redacted] 0000000 06408

Mail to:
DR, PO Box 25000,
Raleigh, NC 27640-0640

Items for 2020 Approval Season

1. 2020 LOI
2. SD Resources

2020 Letter of Intent

- Record Government Compliance Officer contact
- Use Amended LOI Indicator new in 2020
- Insert N/A when the question is not relevant
- State specific limitations on the LOI

NCDOR

2020 Tax Software Provider North Carolina Department of Revenue Letter of Intent

By submitting this Letter of Intent (LOI) to the North Carolina Department of Revenue (NCDOR), you are agreeing to meet our standards for software provider registration, all tax preparation software, and substitute forms. Agreement and adherence to the national standards are required as a prerequisite to approval.

Failure to meet the standards or requirements set forth in the national standards and requirements form or in this LOI may result in the denial of your application or the removal of your organization as an approved software provider, and the rejection of all electronic or paper returns submitted using your products.

Please complete a registration form for each unique product your company offers. If you submit an incomplete form, your request to participate in electronic or paper submissions may be denied.

Name of Company	Product Name	Software Developer Code (eFile only)
DBA Name	NACTP Member Number	State Tax Account Number (if applicable)
Address	Product Address/URL	Company FEIN
City	State	Zip Code
Regulatory/Compliance Contact	Phone	Email Address
Primary Individual MeF Contact	Phone	Email Address
Secondary Individual MeF Contact	Phone	Email Address
Primary Business MeF Contact	Phone	Email Address
Secondary Business MeF Contact	Phone	Email Address
Primary Leads Reporting Contact	Phone	Email Address
Government Compliance Reporting Contact	Phone	Email Address

SD Resources

- Function Codes
- Period Ending Chart
- Requirements for the Approval of Substitute Tax Forms
- SD Checklist
- SD Required Approval Dates
- 2020 SD Teleconference Presentation
- Unchanged Form List

2020

Requirements for the Approval of Substitute Tax Forms

6/15/20

Function Codes

Individual	Function Code	Corporate	Function Code
D-400V	06408		
D-400V Amd	06441		
D-410	06491		
NC-40	06301		
NC-EDU	19208		

Partnership / Fiduciary	Function Code
D-410P	06459 Partnership
D-410P	76511 Estates and Tr
NC-EDU	19216 Estates and Tr

Withholding	Function Code
NC-3	06190
NC-5 (M)	06106
NC-5 (Q)	06197
NC-5P	06050
NC-5PX	76058
NC-5X (M)	76104
NC-5 X (Q)	76155

Period Ending Chart

NC-40	
4/15/2021	12/31
6/15/2021	12/31
9/15/2021	12/31
1/15/2022	12/31

D-410 and D-410P	
Scanline Tax Period	202006

CD-420			
Period Beginning	Period Ending	Type of Filer: Calendar, Fiscal or Short Year	Scan Line with Check Digit
01/01/21	12/31/21	Calendar	12211
02/01/21	01/31/22	Fiscal	01228
03/01/21	02/28/22	Fiscal	02224
04/01/21	03/31/22	Fiscal	03221
05/01/21	04/30/22	Fiscal	04227
06/01/21	05/31/22	Fiscal	05223
07/01/21	06/30/22	Fiscal	06220
08/01/21	07/31/22	Fiscal	07226
09/01/21	08/31/22	Fiscal	08222
10/01/21	09/30/22	Fiscal	09229
11/01/21	10/31/22	Fiscal	10225
12/01/21	11/30/22	Fiscal	11222
	12/31/21	Short	12211

SD Checklist

Use the SD Checklist to ensure the accuracy of forms submitted.

Barcode

- (A) Make sure the barcode is generated as a high-resolution image.
- (B) Make sure the barcode reads as and is the correct barcode number for your company.
- (C) Make sure the barcode number is properly placed based on specifications guide.
- (D) Make sure the barcode is properly placed based on specifications guide.
- (E) Make sure the barcode is the correct size based on specifications guide.

Line Category:

- (1) I ensure the line:
- (2) Make sure line:

Dates and Scan Line

- (A) Calculate the co
- (B) Ensure all input
- (C) Make sure the s
- (D) Make sure the s
- (E) Prepare all yea
- (F) Use the correct
- (G) Use the correct

Final Samples:

- (1) Confirm form an
- (2) Format address
- (3) List any in-bill
- (4) Make sure the s
- (5) Make sure print
- (6) Reproduce both
- (7) Send the correct
- (8) Send foreign ad

2020 Unchanged SD Forms

Approved by November 18, 2020

Form Number	Form Name	Required Approval Date
D-400	2020 Individual Income Tax Return	10/20/20
D-400 Sch AM	Amended Schedule	10/20/20
D-400 Sch PN	2020 Part-Year Resident and Nonresident Schedule	10/20/20
D-400 Sch S	2020 Supplemental Schedule	10/20/20
D-400TC	2020 Individual Income Tax Credits	10/20/20
D-400V	Individual Income Payment Voucher	Within 30 Days of SES Access
D-400V Amd	Amended Individual Income Payment Voucher	Within 30 Days of SES Access
D-410	Application for Extension for Filing Individual Income Tax Return	10/20/20
D-422*	2020 Underpayment of Estimated Tax by Individuals	29
D-422A*	2020 Annualized Income Installment Worksheet	
NC-40	Individual Estimated Income Tax	Within 30 Days of SES Access

Form Number	Form Name	Required Approval Date
D-400	2020 Individual Income Tax Return	10/20/20
D-400 Sch AM	Amended Schedule	10/20/20
D-400 Sch PN	2020 Part-Year Resident and Nonresident Schedule	10/20/20
D-400 Sch S	2020 Supplemental Schedule	10/20/20
D-400TC	2020 Individual Income Tax Credits	10/20/20
D-400V	Individual Income Payment Voucher	Within 30 Days of SES Access
D-400V Amd	Amended Individual Income Payment Voucher	Within 30 Days of SES Access
D-410	Application for Extension for Filing Individual Income Tax Return	10/20/20
D-422*	2020 Underpayment of Estimated Tax by Individuals	29
D-422A*	2020 Annualized Income Installment Worksheet	
NC-40	Individual Estimated Income Tax	Within 30 Days of SES Access

* Reorder substitute tax form using the DOR.Final

Contact Information

Vendor Support Unit

E-mail address: allaboutforms@ncdor.gov - LOI submission or general questions

E-mail address: SDFormsUpdate@ncdor.gov - Form submissions

Phone: (919) 754-2625

Fax: (919) 715-3165

Management Contact Personnel

Stephanie Denton - Director

Lei Satterfield - Assistant Director

Felecia Coley-Roberson - Manager

Cassandra Evans - Supervisor

Unit Members

Anjani Pappu

Crystal Fields

Kim Williams

Sam Toumey

Questions & Answers



eFile and Development Unit

Agenda

- MeF Filing Season Overview
- ATS Testing
- eFile MeF Approval Season Process Reports
 - eFile MeF Approval Process Report
 - eFile MeF Software Developer Evaluation Rating
 - Expectations for MeF eFile Test Submissions
- TY2020 MeF Updates
 - eFile Updates
 - MeF Reminders
- eNC3 Filing Season Overview
- TY2020 eNC3 Updates
 - eFile Updates
 - eNC3 Reminders
- eNC5Q Filing Season Overview
- TY2020 eNC5Q Updates
 - eFile Updates
 - eNC5Q Reminders
- Questions/Answers

MeF Filing Season Overview

- Total Individual Income Products approved for TY2019
 - 50 products with 24 Software Developers
- Total Corporate Income and Franchise Products approved for TY2019
 - 21 products with 14 Software Developers
- Total Partnership Income Products approved for TY2019
 - 21 products with 14 Software Developers

MeF Filing Season Overview

Business Rules - Individual Income Top 3 Reject Codes

- **NCD400-1010:** Duplicate return. The submission's Primary SSN matches an existing accepted return's Primary SSN or Secondary SSN.
 - **Received 1,705**
- **NCD400-2045:** If the Standard Deduction is claimed, Line 11 must equal \$10,000 if Filing Status is Single, \$20,000 if Filing Status is Married Filing Jointly or Qualifying Widow(er), \$10,000 or \$0 if Filing Status is Married Filing Separately, or \$15,000 if Filing Status is Head of Household. Schedule S Part C must not be provided.
 - **Received 257**
- **X0000-005:** The XML data has failed schema validation.
 - **Received 211**

MeF Filing Season Overview

Business Rules - Corporate Income Top 3 Reject Codes

- **X0000-005:** The XML data has failed schema validation.
 - **Received 1183**
- **NCBUS-1000:** Duplicate Return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
 - **Received 804**
- **NCCD401S-2161:** For each Schedule K Shareholder, line 13 must equal the sum of lines 11 and 12 multiplied by 0.0525 (with the result rounded to the nearest whole number), when all of the following conditions are met: line 3b contains 'Yes', Both lines 14 and 15 contain 'No', The sum of lines 11 and 12 is greater than zero.
 - **Received 410**

MeF Filing Season Overview

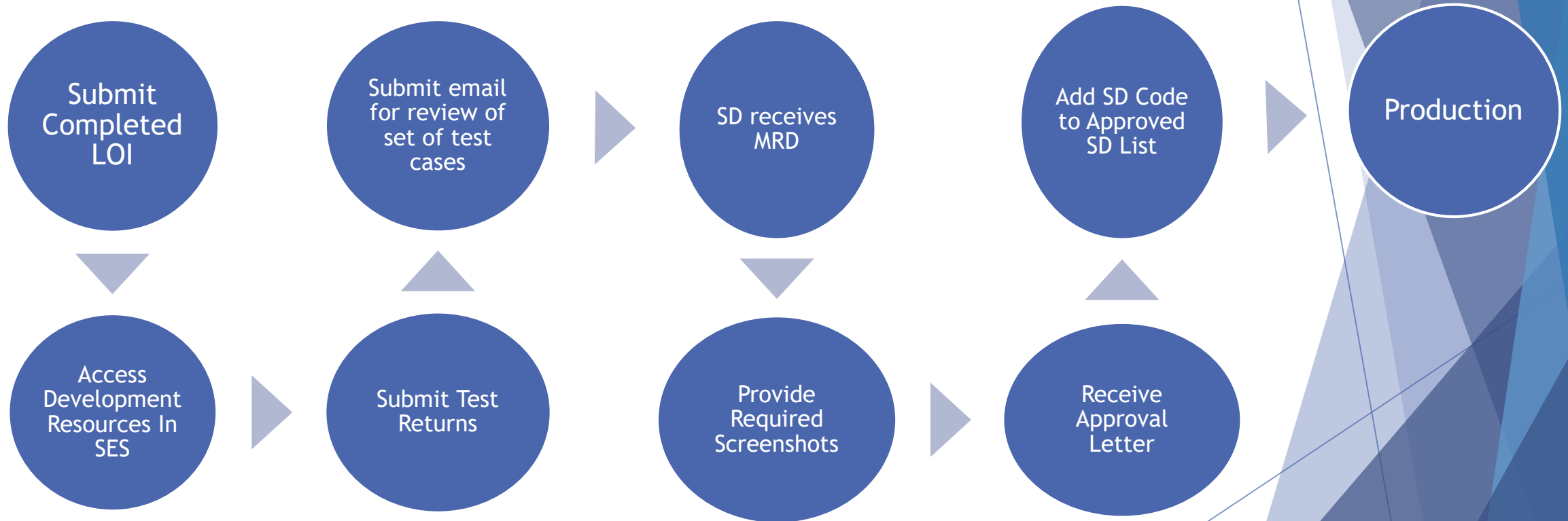
Business Rules - Partnership Top 3 Reject Codes

- **NCBUS-1000: Duplicate Return:** The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
 - **Received 672**
- **X0000-005:** The XML data has failed schema validation.
 - **Received 267**
- **NCD403-1360:** If Part 4 Section C "NC-NPA Form attached" is "No" or blank, Part 4 Section A Line 5 is not populated with "Non-Profit" or "IRA/RetirementPlan", the Publicly Traded Partnership box in the Header is blank and Part 4 Section B Line 17 is populated with a positive non-zero value, then Part 4 Section C Line 18 must be equal to Part 4 Line 17 multiplied by 0.0525, with the result being rounded to the nearest whole dollar. If "NC-NPA Form attached" is "Yes", then Line 18 must be zero or blank.
 - **Received 229**

ATS Testing

- Software products approved before the NCDOR opening dates for IIT and BIT
 - Individual Income - 93% by January 23rd
 - Business - 60% by January 24th
- To help improve the testing experience, topics for further discussion:
 - Review the ATS Approval Process
 - LOI
 - Software Limitations and Detailed Calculation
 - Request for Manual Review
 - Manual Review Document
 - Completion Document
 - Screenshots
 - Approval Letter
 - IRS Opening Dates for TY2020
 - NCDOR Release Dates
 - Email Responses
 - Tax Law Interpretation and/or Calculation Questions
 - Technical Schema and Coding Logic
 - Comparison Email Results

ATS Testing Approval Process



ATS Testing

ATS Approval Process

LOI

- Goal is to have this posted to the State Exchange System by Early August
 - Depends on when FTA provides the final version for states to update
- Provide a list of all members who should receive the automated comparison emails
- Include a list of federal and state forms, schedules or lines your product does not support (Limitations).

ATS Testing

ATS Approval Process

Software Limitations & Detailed Calculations

- Detailed calculations are required when a product has software limitations and doesn't support certain line items or forms.
 - Ex. NC-478 series and/or NC-Rehab form (remove any data from the lines that reference these forms and resubmit your test cases with the correct calculation)
- Omit the following returns from your submission if your software does not support them:
 - Amended returns
 - Non-resident and/or Part-year returns
 - TPOS Form

- Example of Limitations you will need to recalculate:
 - D-400:
 - Line 21c..... Partnership
 - Line 21d..... S Corporation
 - Line 26b, 26c..... Penalties and Interest
 - EU..... Exception to Underpayment
 - Line 26e..... Interest on the Underpayment of Estimated Income Tax
 - Line 31..... NC Education Endowment Fund

ATS Testing

ATS Approval Process

Requesting for a Manual Review

- Manual reviews should only be requested when you feel you have corrected all errors that has been captured on your automated comparison email.
- When requesting a manual review you must send an email to the [NCTaxEfile@ncdor.gov](mailto:NCtaxEfile@ncdor.gov) email account requesting for a manual review of your Partnership, Estate and Trust, Corporate or Individual Income test cases.
- Only test cases that are received as a full set will be reviewed
- For the email please see below:
 - The subject line should include:
 - Tax schedule (ex. Partnership, Estate and Trust, Corporate or Ind. Inc.)
 - The body of the email should include:
 - Test case # (Test 1)
 - Submission ids (1234567899874561230)
 - Tax Id or SSN (00-0000000 or 400-00-4903)

Company Name
MeF ATS Testing
501 N Wilmington St Raleigh, NC 27604
919-814-1500
NCTaxefile@ncdor.gov

Dear eFile Unit,

We are requesting that the following ATS (Corp, Part, E&U or Ind Inc.) test set submission for PINKOL be reviewed for approval:

Test 1: 12345678910111213----400004900
Test 2: 12345678910111214----400004901
Test 3: 12345678910111215----400004902
Test 4: 12345678910111211----400004903
Test 5: 12345678910111212-----400004904
Test 6: 12345678910111217-----400004905
Test 7: 12345678910111216-----400004906
Test 8: 12345678910111218-----400004907
Test 9: 12345678910111219-----400004908
Test 10: 12345678910111210-----400004909

Thank You,

Mr. Panther
Panther LLC Taxes

ATS Testing

ATS Approval Process

Manual Review Document (MRD)

- For Tax Year 2019 the manual review document was updated to include the following:
 - The set of submission IDs reviewed
 - The name of the product
 - The test cases with errors
 - Date and time the submission was received
 - The Document also let the developers know what could be ignored on the comparison email.

ATS Testing

Manual Review Document



Developer Name,

The submissions below have been reviewed for your **XYZ (Ind. Inc.)** product. Based on our review the following returns have errors: Test case(s) (1) (2) and (4). Please make the necessary corrections based on the results of the automated comparison email dated **xx-xx-xxxx at time**. You do not have to review the AUTH Header, HDR or Federal information. Review the specific forms for the Tax Type (example, D-400, D-410, CD-405, CD-401S, CD-419, D-403, D-410P along with the associated forms and schedules). Resubmit your final test cases for review. The submission ids listed below are the ones that were reviewed:

Submission IDs:

1	111111111	6	1111111
2	222222	7	111111
3	111111111	8	1111111
4	11111	9	111111
5	111111111	10	1111111
11	111111111	12	111111111

Thank You for Partnering with us for TY 2020 filing season!

(919) 814-1500

ATS Testing

ATS Testing Completion Document

For tax year 2019 the completion document was created to show which product(s) and test set of submissions were successfully tested and signifies the completion of your ATS testing for that particular tax schedule.

ATS Testing

Completion Document

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE



Dear Software Developer,

You have completed your Tax Year 2019 software developer ATS testing for product (XXXXXXXXXX). Please provide your screenshot verbiage for your (XXXXXXXXXX) returns located on page(s) 16 and 17 of the ERO guide for approval. The submission Ids below are the ones that were approved:

Submission IDs:

1		6	
2		7	
3		8	
4		9	
5		10	
11		12	
13			

Thank You for Partnering with us for TY 2020 filing season. North Carolina Department of Revenue
E-File Unit

(919) 814-1500 
nctaxefile@ncdor.gov 

ATS Testing

ATS Approval Process

Screenshots

- ▶ The screenshot verbiage is next to the last step in the testing process. Once received and approved by management, then you will received your Approval Letter, Feedback document and Approval Process Report.

Approval Letter

- ▶ Receiving you Approval Letter, the Feedback document and the Approval Process Report is the final step in the ATS testing process.

SOFTWARE APPROVAL

In the second step of the approval process, an email will be sent to the developer requesting the screen shots of the verbiage used within the software product. The following screen shots are required before a support product is approved:

- 1) **Verbiage used for Driver's License and State-Issued ID's:** In an effort to protect your identity and combat tax fraud, many state revenue agencies are requesting that filers provide their driver's license or state-issued ID number. While providing this information is encouraged, it is optional and not required in order to file our North Carolina taxes.
- 2) **Verbiage used to prompt the user to answer the direct deposit refund question:** "Is this refund going to or through an account located outside of the United States?" "If yes, an IAT direct deposit refund is not allowed. In order to continue with your refund, you must choose a domestic bank account."
- 3) **Verbiage used to prompt the user to answer the payment question:** "Is this payment(s) coming from or through an account located outside of the United States?" "If yes, an IAT payment is not allowed. In order to continue with your payment you must choose a domestic bank account."
- 4) **Verbiage used to prompt the user to fill out the Payment Contact information:** "Enter your complete name (first and last name), email address, and telephone number, including area code, in the appropriate fields. This information will be used in the event the North Carolina Department of Revenue needs to contact you regarding your payment. We will use the email address to acknowledge receipt of your payment. If you do not provide an email address, you will not receive confirmation that your payment has been received."
- 5) **Verbiage for the payment draft date:** "The payment draft date or effective date must be a valid banking date that does not include weekends or bank holidays. When entering your draft date, you will be provided with the earliest possible effective date. This date is based on a 5:00 pm EST cutoff. If it is after 5:00 pm EST, the actual draft date may be a later business date. You will

{ 17 }

need to submit your payment information at least one banking day prior to the payment due date in order for the payment to be received timely. Payments received beyond the payment due date are subject to penalty and interest.

You will receive a NCDOR Confirmation email after your payment is received.

If your payment is returned from your bank unpaid, you will be subject to a "Penalty for Bad Electronic Funds Transfer." The penalty is 10% of the payment (minimum \$1.00; maximum \$1,000.00)."

Software developers must require taxpayers to select valid settlement dates, and display language to taxpayers stating that payments may be settled on dates later than the requested settlement date. Invalid settlement dates are weekends, past dates, the same date as the submission, and bank holidays specified on the Federal Reserve website (<http://www.frb.services.org/holidayschedules/index.html>).

- 6) **Verbiage on the instruction page to verify the following:** "If you owe additional tax, you can pay online by bank draft or debit/credit card using Visa or MasterCard. To pay online, go to the Department's website at <https://www.ncdor.gov/file-pay>."

ATS Testing

ATS Approval Process

IRS Opening dates for TY2020

- Individual Income - TBD
- Corporate - TBD
- Partnership - TBD
- Estates and Trust-TBD

NCDOR ATS Testing Start Date

- Once dates are received from the IRS, NCDOR will send an email to the developers informing them of when they may begin ATS testing for North Carolina.

ATS Testing

ATS Approval Process

NCDOR Release Dates

(Individual, Corporate/Franchise, Estates and Trusts and Partnership tax schedules)

- Drafts of Schemas and Business Rules to be posted the SES Website - **TBD**
- Final Version of Schemas and Business Rules to be posted the SES Website - **TBD**
- **ATS Test Package - Goal is to have this posted in the State Exchange System by October 1, 2020.**

NOTE: Until final legislation passes, dates could be impacted.

ATS Testing

Email Responses

- eFile has to consult with other Divisions within the Department to get input regarding:
 - Tax law and calculation questions
 - More technical details as it relates to schema and coding logic
- We will continue working closely with these area's to provide a response within 1-2 business days.
- Comparison Email Results
 - Work with our IT Department to try to reduce the non-essential data and only display the comparison results that have errors.

eFile MeF Approval Season Process Reports

- Purpose is to provide consistent feedback during the approval season
- Communicate eFile's expectations for approval



eFile MeF Approval Process Report

Overview

- For tax year 2020, eFile will be implementing a new process where we will provide feedback based on your company's performance at the completion of your ATS testing
- Once you have been approved, you will receive your approval letter along with two additional documents:
 - eFile 20XX Approval Season Process Report—this is an Excel spreadsheet that shows the total number of Complete Submissions Reviewed.
 - eFile Software Developer Evaluation—this is a Word document which defines your classification rating based on submissions reviewed.
- Provide more opportunity for open dialog during and after the approval season

eFile MeF Approval Process Report

Software Developer Code(s) –10 digit code your software company uses for both ATS testing and Production.

Name of Product – Product name you are testing (NCDORTAX.com, PinkTaxes etc...)

Test Set Submissions Reviewed –The number of time(s) your set of test cases were reviewed.

Number of Completed Set of Submissions Reviewed – Number of completed set of submissions we reviewed.

Approval Date –The date the Approval letter was received.

Approved Timely – Was the Approval received before the March Deadline?

eFile MeF Approval Process Report



(IND. INC.) TY 20XX Approval Season Process Report

Software Developer Code(s)	Name of Product	1st Test Set Submissions Reviewed	2nd Test Set Submissions Reviewed	3rd Test Set Submissions Reviewed	4th Test Set Submissions Reviewed	5th Test Set Submissions Reviewed	6th Test Set Submissions Reviewed	# of Complete Set of Submissions Reviewed	Approval Date	Approved Timely
PINKPATHOL	NCDORTAX.com	11/15/2019	11/20/2019					2	11/22/2019	Yes
PINKPATHDT	PinkTax	11/20/2019						1	11/22/2019	Yes
PINKPATDIY	PinkTax	11/20/2019						1	11/22/2019	Yes
PINKPAMAC	PinkTax	11/22/2019	12/22/2019	1/22/2020	2/22/2020	2/28/2019	3/15/2020	6	3/15/2020	No

eFile MeF Software Developer Evaluation Rating

Level 1: Our records show that your company had one to two submissions, and you provided your detailed calculations based on your software limitations. Your approval process Exceeded Expectations and we hope that you continue to work at this level.

Level 2: Our records show that your company had three to four submissions, and you provided your detailed calculations based on your software limitations. Your approval process Meet Expectations and is at an acceptable level. We hope that you continue to maintain your approvals at this level or higher.

Level 3: Our records show that your company had five or more submissions, and/or you did not provide your detailed calculations timely. We would like to meet with you before (MMDDYYYY) to review the Department's best practices in your approval process so you can better meet our expectations for the upcoming approval season.

eFile MeF Software Developer Evaluation Rating

Good Afternoon Mickey Tax Company,

Thank you for partnering with the eFile Unit at the North Carolina Department of Revenue (NCDOR) for the 2020 MeF Software Developer testing season.

Your company has adhered to the strict processing guidelines of NCDOR and we appreciate all of your efforts to acquire the requested approvals during the 20XX Approval Season.

Based on your performance, we want to provide feedback of your company's approval process for the MeF ATS test cases. See the attached 20XX Approval Process Report and the chart below to give you a better understanding of your rating.

Your performance for the 20XX Approval Season was based on the following classifications:

Rating	Classification	Submissions
Level 1	Exceeded Expectations	1-2
Level 2	Meet Expectations	3-4
Level 3	Improvement Needed	5 or more

Our standards are four or less complete submissions reviewed by the March 6, 2020 deadline.

Your classification rating was based on the submissions reviewed prior to approval. We also took into account your software limitations and whether or not you provided detailed calculations timely.

Level 1: Our records show that your company had one to two submissions, and you provided your detailed calculations based on your software limitations. Your approval process Exceeded Expectations and we hope that you continue to work at this level.

Level 2: Our records show that your company had three to four submissions, and you provided your detailed calculations based on your software limitations. Your approval process Meet Expectations and is at an acceptable level. We hope that you continue to maintain your approvals at this level or higher.

Level 3: Our records show that your company had five or more submissions, and you did not provide your detailed calculations timely. We would like to meet with you before June 30, 2020 to review the Department's best practices in your approval process so you can better meet our expectations for the upcoming approval season.

We will follow up to see when we can meet or you may contact us.

Thanking you in advance.

Expectations for MeF eFile Test Submissions

The expectations for each Approval Seasons for eFile Submissions are:

- First initial submissions should be submitted by the 12/31/xx deadline.
- Software should be approved in four (4) or less attempts including the initial submission.
- Testing of all products to be completed by the March deadline.

TY2020 MeF Updates

eFile Updates

- For Tax year 2020, eFile is implementing Approval Season Process Report
- NCDOR will implement Estates and Trusts (Fiduciary) for TY2020.
 - Schemas, business rules and other supporting information will be provided with the other supported MeF tax schedules.

TY2020 MeF Updates

MeF Reminders

- Please review the ERO guide as information is updated annually.
- Alert the Department as soon as you encounter a production issue and follow the procedures outlined in the ERO guide.
- Clear communication to taxpayers that if they remit payment via software, they do not have to remit the same payment via DOR website.
- Please do not send sensitive taxpayer information such as SSNs to the NCTaxEfile, please provide the submission ids instead.
- If you are still testing and awaiting approval when the IRS opens for the filing season and NCDOR is ready to receive returns, please do not communicate to taxpayers, clients and branch offices that the Department is not ready to receive returns.
- Anytime the Gateway is down for maintenance, please do not communicate to taxpayers, clients and branch offices to file paper returns due to NCDOR system is down for maintenance.
- When updates are made to your software, please perform regression testing for current and prior year returns.



eNC3 Filing Season Overview

eNC3 - Information and Reporting Application Stats

- Another successful year with the support of electronic NC-3, W-2 and 1099 data
- NCDOR currently offer 3 electronic filing options:
 - File upload
 - Manual online entry
 - W-2 Excel Generator



- Volume of forms received as of 5/31/20

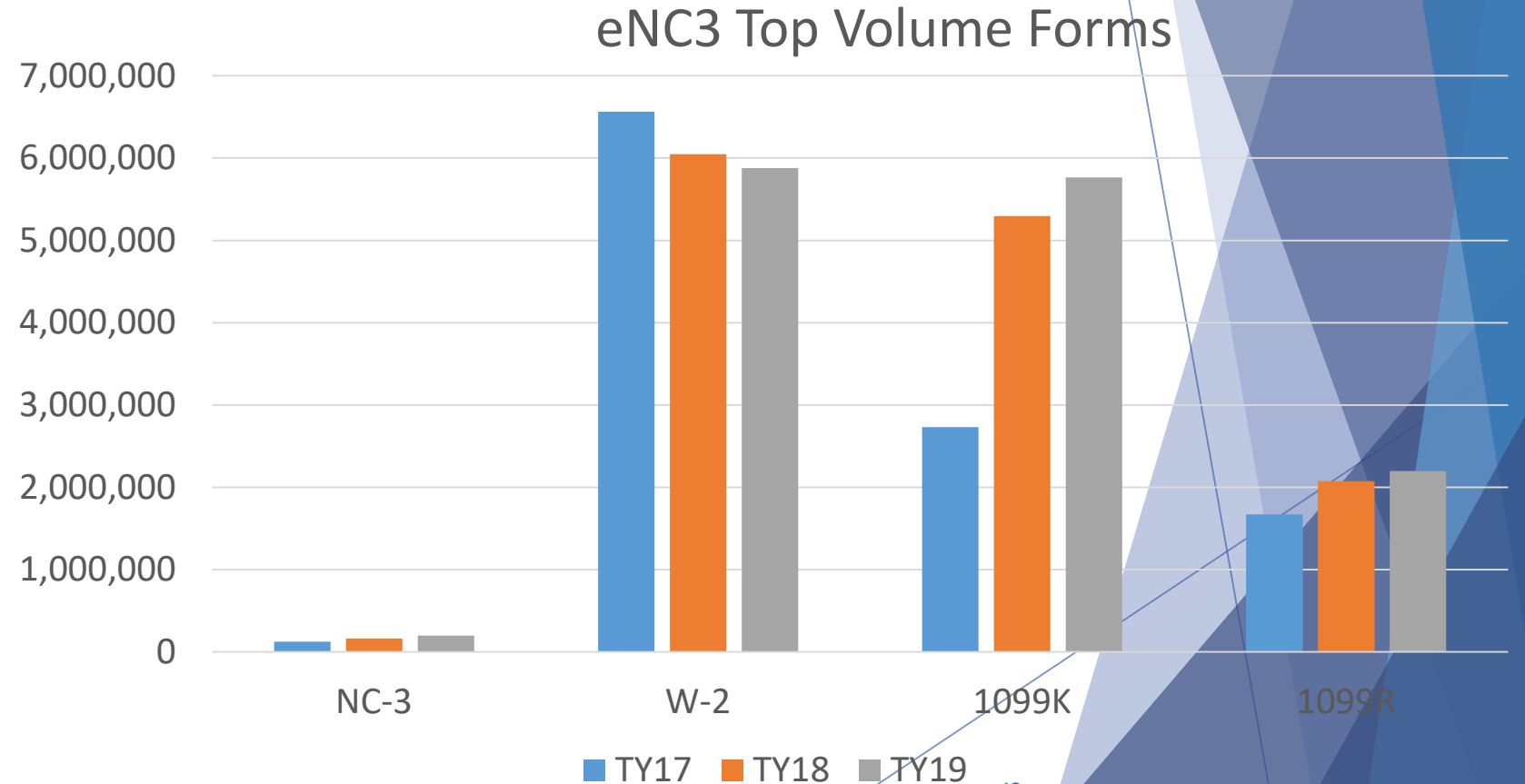
NC3	NC3X	1099 B	1099 DIV	1099 G	1099 INT	1099 K	1099 OID	1099 R
198,655	1,884	69	704	17	204,336	5,765,621	4	2,198,149

1099 MISC	1099 ITIN	1099 NRS	1099 PS	W2	W2-C	W2-G	1042S
228,948	93	0	4,055	5,876,638	23,811	217,717	327

eNC3 Filing Season Overview

eNC3 - Information and Reporting Application cont'd

- Steady increase in forms being filed electronically yearly
- 18% increase from TY17 to TY18
- 3% increase from TY18 to TY19



eNC3 Filing Season Overview

eNC3 - Information and Reporting Application cont'd

- Implemented the SFTP filing method with Intuit.
- Website was redesigned for easier access to informational and development resources
- FAQ for filing requirements was designed to help assist with determining which form(s) are required to be filed with the Department

Which forms and statements am I required to file with the Departments as part of Form NC-3 filing requirement?

Form	Required to file if NC withholding reported?	Required to file if no NC withholding reported?
W-2	Yes	Yes, if issued to NC resident or issued to non-resident for services performed in NC
W-2G	Yes	No, if reported to the IRS
1099-MISC	Yes	No
1099-R	Yes	Yes, if recipient's address is located in North Carolina
1099-B	Yes	No, if reported to the IRS

TY2020 eNC3 Updates

eNC3 Information and Reporting Application Updates

- New Server-to-Server (S2S) Offering
 - Piloting with 2 software companies
 - NCDOR's goal is to have this option available in January 2021
 - More information will be communicated at later date regarding when testing will be available for this filing method
- Adding new NCDOR form NC-1099M to eNC3 application
 - Form was added to the NCDOR website in March of this year
- Support the 1099NEC
 - Form will be added to the TY20 file format specifications
- Removing Forms NC-1099-ITIN and NC-1099PS
- Release date of the TY2020 specification documents is TBD
 - Plan to have specifications available in early September

TY2020 eNC3 Updates

eNC3 Reminders

- If filing forms electronically via the eNC3 Information and Reporting Application, do not send in the duplicate paper documents.
- Test Link is available to test file format(s).
- Test your file formats with the eFile Unit and your company is listed on the Department's website.
- NCDOR system is designed to follow the IRS Publication 1220 and the SSA Publications EFW2 and EFW2C. NCDOR also has supplemental documents that are used in conjunction with these documents for NCDOR specific data field requirements.
- Educate your customers/clients that NCDOR cannot assist with any software diagnostic errors that are generated within your software.

eNC5Q Filing Season Overview

eNC5Q - Information and Reporting Application

- The eNC5Q application for Form NC-5Q Quarterly Income Tax Withholding return for semi-weekly filers went live on April 06, 2020. The filing process is similar to the current eNC3 filing process.
- Due date for filing form NC-5Q is each quarter on or before the last day of the month following the close of the quarter
- Allow the filing of form NC-5Q beginning with the 1st quarter March 31, 2020 and all subsequent quarters
- NCDOR developed 2 electronic filing options for taxpayers:
 - File upload
 - Manual online entry
- These methods replaces the options of filing via paper.

TY2020 eNC5Q Updates

eNC5Q

- eNC5Q application opened to two providers in October 2019 as a pilot
- Approximately 60k NC-5Q's were received each quarter (Based on 119,477 received the first half of 2019)
- Upload increase of 25 percent and total increase of 32 percent
- January 2020 percent of total NC-5Qs processed was 35 percent
- April 2020 percent of total NC-5Qs processed was 46 percent

TY2020 eNC5Q Updates

eNC5Q Reminders

- The eNC5Q application does not support filing of payments for form NC-5Q at this time. Use form NC-5PX to mail payments.
- Test Link is available to test file format(s).
- Test your file formats with the eFile Unit and your company is listed on the Department's website.

Contact Information

eFile and Development Unit

Email address: NCTaxEfile@ncdor.gov (MeF)

Email address: eNC3@ncdor.gov (eNC3 & eNC5Q)

Phone: (919) 814-1500

Fax: (919) 715-6158

Management Contact Personnel

Stephanie Denton - Director

Lei Satterfield - Assistant Director

Felecia Coley-Roberson - Manager

Janie Wright - Supervisor

Unit Members

Vickie Grant

LaSonya Jenkins

Judith Kapp

Dakota Rand

Wendy Greer

Questions & Answers





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DIVISION