



2021 SOFTWARE PROVIDER CONFERENCE

eFile and Software Provider Support

Wednesday, June 30, 2021

1:00 pm

AGENDA

- Welcome
 - Introductions
- Updates
 - Tax Legislation and Forms
 - Letter of Intent (LOI)
 - General Information
 - Software Provider Support
 - eFile
- Questions & Answers
- Wrap-Up

NCDOR PRESENTERS AND ATTENDEES

- Submissions Processing Division (SPD)
 - eFile
 - Software Provider Support
 - Forms Testing
- Tax Administration Division
 - Personal Tax
 - Individual Income, Partnership Income, Estates and Trusts and Withholding
 - Corporate Income and Franchise Tax
 - Sales and Use Tax
- Tax Schedule Implementation

SOFTWARE AND PAYROLL SERVICE PROVIDERS PARTICIPANTS

2021 Software and Payroll Service Provider Participants		
1099 Pro, Inc.	Edmunds GovTech	Payroll People, Inc. /Payroll Tax People LLC.
Aatrix Software	ezTaxReturn.com	PPI Business Services
ADP	FileYourTaxes.com	PrimePay, LLC
Advanced Tax Solutions, LLC	Greatland Corporation/Nelco	Ryan LLC
Apex Software Technologies, LLC	Greenshades Software Inc.	Sprintax
Asure Software (iSystems)	H&R Block	Tax Technologies, Inc. [TTI]
Bloomberg Industry Group (STF Services)	Heartland Payroll Solutions	TaxAct
CCH Small Firm Services	Infinisource	TaxHawk, Inc.
Ceridian Tax Service Inc.	Intuit	TaxSlayer
CFS Tax Software, Inc.	Jackson Hewitt Tax Service	Thomson Reuters
Corptax Inc.	Mangrove Payroll Services Inc.	Ultimate Kronos Group (UKG)
Crosslink Professional Tax Solutions	MasterTax	Universal Tax Systems, Inc.
CSC Corptax	Next Geb Web Solutions	Vertex, Inc.
Dillner's Accounting Tools, Inc.	OneSource Virtual	Wolters Kluwer
Drake Software	On-Line Taxes, Inc.	

UPDATES





NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE

TAX LEGISLATION

TAX LEGISLATION AND FORMS

Note: Until the North Carolina General Assembly (NCGA) adjourns, NCDOR cannot confirm whether changes will affect 2021 tax forms. Information on proposed legislation can be found at the NCGA website <https://ncleg.gov/>.

- Sales Tax
- Individual Income Tax
- Estates and Trusts Tax
- Partnership Income Tax
- Corporate Income and Franchise Tax
- Withholding Tax

TAX LEGISLATION AND FORMS (CONTINUED)

■ **General**

- Graduated Failure to Pay Penalty
 - Apply to Sales, Withholding, Individual, Corporate, Partnership, and Estates and Trusts tax schedules
- Planning to expand NC-K1s to include all adjustments
 - Similar to how the Schedule S was expanded last year
- H.B. 334 contains a significant number of tax provisions that may affect 2021 forms for the Individual, Estates and Trusts, Corporate, Partnership, Sales and Use, and Withholding tax schedules.

■ **Sales and Use Tax**

- No expected form changes for October 2021

TAX LEGISLATION AND FORMS (CONTINUED)

- **Individual Income Tax**
 - Separate State Net Operating Loss Calculation for Individual Income Tax purposes
 - Various additions to and deductions from Adjusted Gross Income
- **Individual Income Schedule S/PN/PN-1**
 - New Additions
 - Reserved line
 - State, local, or foreign income tax deducted by a S-Corporation, partnership or an estate or trust
 - Additions Scheduled to Expire
 - Business Interest Limitation
 - Qualified Education Loan Payments*
 - Above-the-line Qualified Charitable Contribution Deduction
 - Discharge of Qualified Principal Residence Indebtedness*
 - Qualified Tuition and Related Expense
 - Excess Business Loss
 - Excess Net Operating Loss Carryforward Deduction

* Legislation has been proposed to extend addition

TAX LEGISLATION AND FORMS (CONTINUED)

- **Individual Income Schedule S/PN/PN-1**
 - New Deductions
 - Reserved line
 - 20% of 2018-2020 NOL carryback added-back in 2013-2019
 - 20% of Excess Business Loss added-back in 2018-2020
 - 20% of Excess NOL Deduction added-back in 2019 and 2020
 - Deductions Scheduled to Expire
 - Extra Credit Grant*

* Legislation has been proposed to extend deduction

TAX LEGISLATION AND FORMS (CONTINUED)

■ Estates and Trusts Tax

- Add section for amended return explanation
- Form D-401P
 - Remove "Apartment Number" field from the paper form but keep the same barcode

■ Partnership Income Tax

- Allow partnerships to elect to pay tax at the entity level for resident and nonresident partners
- Provision will require NCDOR to make several changes to the Partnership return and various related supplemental forms
- Partnerships that do not make this election, will still be required to pay tax on behalf on nonresident partners
- Forms impacted
 - D-403
 - D-403TC
 - D-403 NCK-1
 - D-410P

TAX LEGISLATION AND FORMS (CONTINUED)

■ Partnership Income Tax

- Form D-410P
 - Remove “Apartment Number” field from the paper form but keep the same barcode
- D-403 Part 4A, Line 5 – Type of Partner
 - Allow “Disregarded Entity” as a Partner Type
- D-403 Part 1
 - For partnership amended returns, add new lines to report previous payments and previous refunds (similar to Lines 22 and 24 on 2020 D-400)

■ Corporate Income and Franchise Tax

- Election for S Corporation to be taxed as pass-through entity
 - Income tax would be imposed on the S Corporation instead of passed through to its shareholders
- Form NC-478L Investing in Real Property will become obsolete
 - Installments have expired
 - Carryforwards are still available

TAX LEGISLATION AND FORMS (CONTINUED)

■ Withholding Tax

- H.B. 334 will impact withholding tables and withholding allowance certificates
 - List of proposed provisions for tax year 2022
 - Increases to the North Carolina standard deduction amounts for all filing statuses
 - Increases to the North Carolina child deduction amount
 - Reduction in the Individual Income tax rate from 5.25% to 4.99%

TAX LEGISLATION AND FORMS (CONTINUED)

■ Withholding Tax

- List of impacted withholding allowance certificate forms:
 - NC-4 EZ
 - NC-4
 - NC-4 NRA
 - NC-4P
- List of impacted forms that require general and line specific instructions updates for the failure to pay penalty:
 - NC-5
 - NC-3
 - NC-3X

LETTER OF INTENT (LOI)

- Planned release date early August
- Reminders
 - Ensure primary and secondary contacts information is correct
 - Complete “Amended” signature section when submitting an updated LOI
 - Insert N/A for any question(s) not relevant to your product
 - Include your software limitations in the LOI
 - Review LOI to ensure tax types, forms supported and product names are accurate

LETTER OF INTENT (LOI) (CONTINUED)

Contact information
List the contact information for each area identified.

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

Substitute forms registration
Complete this section only if your product will provide substitute forms.

Agency Substitute Forms Software Number		
Primary Individual Forms Contact	Phone	Email Address
Secondary Individual Forms Contact	Phone	Email Address
Primary Business Forms Contact	Phone	Email Address
Secondary Business Forms Contact	Phone	Email Address

Note: If you have separate contacts for each business tax type, please list them by tax type on a separate sheet and attach it to this submission.

- Question
 - For the Regulatory/Compliance Contact, how would you prefer to list the contact if different from the eFile contact?

GENERAL INFORMATION

- NCDOR New Telephony System
 - Will impact direct phone lines to eFile and Software Provider Support
 - All employees will get new phone numbers
 - No impact on toll free, fax numbers and customer service phone numbers
 - Updates to be provided during this process to keep our software providers in the loop
- Both eFile and Software Provider Support Units will remain teleworking
 - eFile – 100%
 - Software Provider Support – Hybrid (On-Site & Teleworking)

SOFTWARE PROVIDER SUPPORT

AGENDA

- SPS Standards for Substitute Tax Forms
- Results from the 2020 Approval Season Process Reports
- Essence of First Time Approvals
- Preparation for the 30-Day Approval Process
- Recommended Turn-around Times
- Software Provider (SP) Resources
- Required SP Contacts
- Software Provider Support Contacts
- Questions and Answers

STANDARDS FOR SUBSTITUTE TAX FORMS

Software Provider Support (SPS) standards for each Approval Season for Substitute Tax Forms:

- Substitute Tax Forms are to be submitted and approved within thirty (30) days of the posted date
- Substitute Tax Forms should be approved in three (3) or fewer attempts; this includes the initial submission

2020 APPROVAL SEASON PROCESS REPORT



(SP) 2020 Approval Season Process Report

Form Requested	Form Name	Type	Start	Finish	Approved By Date	Days to Complete	Approved Timely	Times Resubmitted	Meets Standards?
CD-405	C Corporation Tax Return 2020	Updated	10/20/20	12/01/20	10/25/20	42	Yes*	0	Yes
CD-405 CW	Combined Corporate Income Tax Worksheet	Updated	09/17/20	09/18/20	10/04/20	1	Yes	0	Yes
CD-419 Corp	Application for Corporate Income Tax Extension	Unchanged	09/16/20	09/23/20	10/04/20	7	Yes	0	Yes
CD-419 Fran	Application for Franchise Tax Extension	Unchanged	09/17/20	09/25/20	10/04/20	8	Yes	0	Yes
CD-425	2020 Corporate Tax Credit Summary	Updated	10/15/20	11/13/20	10/25/20	29	Yes*	0	Yes
CD-429	Corporate Estimated Income Tax	Unchanged	09/16/20	09/23/20	10/04/20	7	Yes	0	Yes
CD-429B	Underpayment of Estimated Tax by C-Corporations	Updated	09/17/20	09/18/20	10/04/20	1	Yes	0	Yes
CD-V AC	Amended Corporate Income Tax Payment Voucher	Unchanged	09/18/20	09/23/20	10/04/20	5	Yes	0	Yes
CD-V AF	Amended Franchise Tax Payment Voucher	Unchanged	09/17/20	09/23/20	10/04/20	6	Yes	0	Yes
CD-V Corp	Corporate Income Tax Payment Voucher	Unchanged	09/18/20	09/23/20	10/04/20	5	Yes	0	Yes
CD-V Fran	Franchise Tax Payment Voucher	Unchanged	09/17/20	09/23/20	10/04/20	6	Yes	0	Yes
D-403	2020 Partnership Income Tax Return	Updated	10/20/20	01/29/21	10/25/20	101	Yes*	3	No
D-403 K-1	2020 Partner's Share of N.C. Income, Adjustments, and Credits	Updated	10/15/20	10/23/20	10/25/20	8	Yes	0	Yes
D-403TC	2020 Partnership Tax Credit Summary	Updated	10/15/20	11/13/20	10/25/20	29	Yes*	0	Yes
D-410P	Application for Extension for Filing Partnership, Estate, or Trust Tax	Unchanged	09/16/20	09/23/20	10/04/20	7	Yes	0	Yes
EFT-100C	ACH Credit Payment Method Authorization Agreement	Updated	09/16/20	09/18/20	10/04/20	2	Yes	0	Yes
EFT-100D	ACH Debit Payment Method Authorization Agreement	Updated	09/16/20	09/18/20	10/04/20	2	Yes	0	Yes
NC-478	2020 Summary of Tax Credits Limited to 50% of Tax	Updated	11/05/20	01/29/21	11/23/20	85	Yes*	2	Yes
NC-478 Sch	Pass-Through Schedule for NC-478 Series	Updated	11/05/20	11/16/20	11/23/20	11	Yes	0	Yes
NC-478G	2020 Tax Credit Investing in Renewable Energy Property	Updated	11/05/20	12/14/20	11/23/20	39	Yes*	1	Yes
NC-478L	2020 Tax Credit Investing in Real Property	Updated	11/05/20	11/17/20	11/23/20	12	Yes	0	Yes
NC-NPA (1)	Nonresident Partner Affirmation	Unchanged	09/17/20	09/18/20	10/04/20	1	Yes	0	Yes
NC-NPA (2)	Nonresident Partner Affirmation	Updated	02/23/21	02/25/21	03/23/21	2	Yes	0	Yes
NC-Rehab	2020 Historic Rehabilitation Tax Credits	Updated	10/15/20	10/23/20	10/25/20	8	Yes	0	Yes

Given access to the website on 8/26/20

* DOR Delay

REV 12/11/20

96%
Exceptional

68% of Substitute Tax Form providers were able to meet standards for the 2020 Approval Season for Paper Submissions.

ESSENCE OF FIRST TIME APPROVALS

D-407 2015 Estates and Trusts Income Tax Return
 For calendar year 2015 or fiscal year beginning 2015 2016

Filing Information:
 Amended Return Final Return Entry has been withdrawn Qualified Federal Trust

Trust Information:
 Date of Decedent's Death: 11 20 90
 Date of Trust Creation: 11 20 90

1	W	2	7101	IR	N	AR	N	FR	N	NRB	N	QFT	N
01			-4019							10		0	16
02			0							11		0	18
04			0							12		0	19
06			0							14		0	21
08			0							15A		0	
09			0							15B		0	



Barcode

D-400TC (SD) 2020 Individual Income Tax Credits
 8-10-20 North Carolina Department of Revenue

If you claim a tax credit on Form D-400, Line 16, you must attach this form to the return. Otherwise, the tax credit may be disallowed. Important: Refer to the instructions before completing this form.

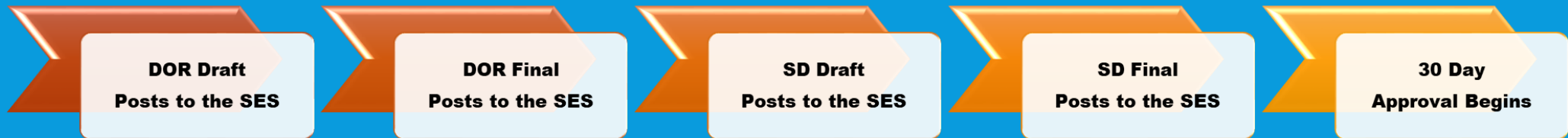
Last Name (First 10 Characters) **ABCDEFGHIJ** Your Social Security Number **900123456**

01	-12345678	07B	12	10A	12345678	13	12345678
02	12345678	08A	12345678	10B	12345678	14	12345678
04	12346578	08B	12345678	11A	12345678	18	12345678
06	12345678	09A	12345678	11B	12345678		
07A	12345678	09B	12345678	12	12345678		

Alignment

Scannability

PREPARATION FOR THE 30-DAY APPROVAL



RECOMMENDED TURNAROUND TIMES



SP RESOURCES

- Function Codes
- Period Ending Chart
- Requirements for the Approval of Substitute Tax Forms
- SP Checklist
- SP Required Approval Dates
- 2021 SD Teleconference Presentation
- Unchanged Form List

Period Ending Chart

NC-40		D-410 and D-410P	
Beginning Period	Ending Period	Beginning Period	Ending Period
4/15/2021	12/31/21	01/01/21	12/31/21
6/15/2021	12/31/21	04/01/21	12/31/21
8/15/2021	12/31/21	07/01/21	12/31/21
1/15/2022	12/31/21	10/01/21	12/31/21

CD-429		CD-V, CD-V Amended, CD-419, NC-EDU	
Beginning Period	Ending Period	Beginning Period	Ending Period
1/2/21	12/31/21	01/01/21	12/31/21
02/28	03/31/21	01/01/21	03/31/21
03/24	03/31/21	03/01/21	03/31/21
03/21	03/31/21	03/01/21	03/31/21
04/27	04/30/21	04/01/21	04/30/21
05/23	05/31/21	05/01/21	05/31/21
06/20	06/30/21	06/01/21	06/30/21
07/26	07/31/21	07/01/21	07/31/21
08/22	08/31/21	08/01/21	08/31/21
09/29	09/30/21	09/01/21	09/30/21
10/27	10/31/21	10/01/21	10/31/21
11/23	11/30/21	11/01/21	11/30/21
12/21	12/31/21	12/01/21	12/31/21

2021 Unchanged SP Forms

Developers must obtain approval for form submissions within 30 days of the Software Developer/DCR Final form being placed on the SES or within 30 days of receiving access to the SES.

Approved by October 8, 2021

Sales and Use	Unchanged	Changing	Place Approved Form in Software:
Scannable	E-500	E-565	
	E-500E		
	E-500F		
	E-500G		
	E-500H		

NCDOR

SP Checklist

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

Barcode:

- (A) Make sure the barcode is generated as a high resolution bitmap.
- (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 given.
- (D) Make sure the barcode is properly placed based on specifications given.
- (E) Make sure the barcode is the correct size based on specifications given.

Line Geometry:

- (F) Ensure the line geometry matches the required SD or approved trained version.
- (G) Make sure lines are solid, not too thin or too bold. Lines should be consistent throughout.
- (H) Use 1 point thickness for line geometry.

05/11/20

Function Codes

Individual	Function Code	Corporate	Function Code
D-400V	06408	CD-419 Corp	06530
D-400V Amd	06441	CD-419 Fran	05037
D-410	06491	CD-429	06602
NC-40	06301	CD-V Corp	06505
NC-EDU	19208	CD-V Fran	05002
		CD-V Amd Corp	06513
		CD-V Amd Fran	05011
		NC-EDU	19224

Partnership / Fiduciary

North Carolina Department of Revenue

2021

Requirements for the Approval of Substitute Tax Forms

Individual Income Tax Forms Approved By Dates

Form Number	Form Name	Required Approval Date
D-400	2021 Individual Income Tax Return	11/12/21
D-400 Sch A	2021 N.C. Itemized Deduction	11/12/21
D-400 Sch AM	Amended Schedule	10/22/21
D-400 Sch PN	2021 Part-Year Resident and Nonresident Schedule	11/12/21
D-400 Sch PN-1	2021 Other Additions and Other Deductions	11/12/21
D-400 Sch S	2021 Supplemental Schedule	11/12/21
D-400TC	2021 Individual Income Tax Credits	11/12/21
D-400V	Individual Income Payment Voucher	10/22/21
D-400V Amd	Amended Individual Income Payment Voucher	10/22/21
D-410	Application for Extension for Filing Individual Income Tax Return	10/22/21
D-422*	2021 Underpayment of Estimated Tax by Individuals	1/15/22
D-422A*	2021 Annualized Income Installment Worksheet	1/15/22
NC-40	Individual Estimated Income Tax	10/22/21

REQUIRED SOFTWARE PROVIDER CONTACTS

- Primary Contact
- Manager Contact
- Record Government Compliance Officer Contact

Substitute forms registration

Complete this section only if your product will provide substitute forms.

Software Provider Identification Number		
Primary Individual Forms Contact	Phone	Email Address
Secondary Individual Forms Contact	Phone	Email Address
Primary Business Forms Contact	Phone	Email Address
Secondary Business Forms Contact	Phone	Email Address
Note: If you have separate contacts for each business tax type, please list them by tax type on a separate sheet and attach it to this submission.		

CONTACTS

Software Provider Support Unit

Email address: allaboutforms@ncdor.gov – LOI submission or general questions

Email address: SDFormsUpdate@ncdor.gov – Substitute Tax Form submissions

Phone: 919-754-2625

Fax: 919-715-3165

Management

Stephanie Denton - Director

Lei Satterfield – Assistant Director

Felecia Coley-Roberson – Manager

Cassandra Evans – Supervisor

Unit Members

Kim Williams

Helaine Fuller



EFILE

AGENDA

- MeF
 - MeF Statistics
 - ATS Testing
 - MeF Approval Season Process Reports
 - MeF Reminders
- Information and Reporting Applications
(eNC₃, Server to Server, and eNC_{5Q})
 - Updates
 - Reminders
- Contacts
- Questions and Answers

MEF FILING SEASON

MeF Statistics – Software Product Approvals

- Total Individual Income Products approved for TY2020
 - 55 products with 21 Software Developers
- Total Corporate Income and Franchise Products approved for TY2020
 - 24 products with 15 Software Developers
- Total Partnership Income Products approved for TY2020
 - 24 products with 15 Software Developers
- Total Estates and Trusts Products approved for TY2020
 - 10 products with 7 Software Developers

MEF FILING SEASON (CONTINUED)

MeF Statistics – Submissions Received as of May 31

- Individual Income – 4,355,086
- Corporate Income and Franchise – 107,045
- Partnership – 71,468
- Estates and Trusts – 22,338

MEF FILING SEASON (CONTINUED)

Individual Income

1. TurboTax (Web)
2. Drake Tax
3. BlockWorks (BW)
4. ProSeries
5. UltraTax CS

Corporate

1. UltraTax CS
2. Drake Tax
3. CCH ProSystem Fx
4. ProSeries Business
5. Lacerte

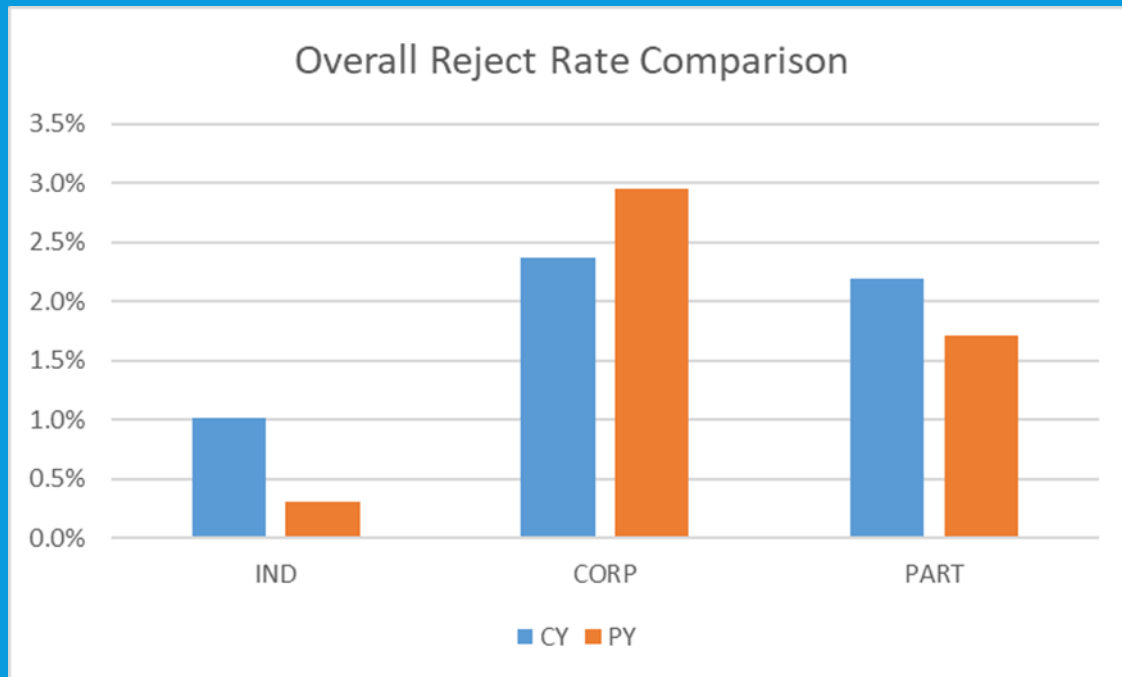
Partnership

1. CCH ProSystem Fx
2. UltraTax CS
3. Drake Tax
4. ProSeries Business
5. Lacerte

Estates and Trusts

1. CCH ProSystem Fx
2. UltraTax CS
3. GoSystem
4. Drake Tax
5. TaxSlayer Pro

OVERALL REJECT RATE COMPARISON



Overall Reject Rate Comparison				
	CY	PY	% Change +/-	
IND	1.0%	0.3%	✘	233.9%
CORP	2.4%	2.9%	✔	-19.5%
PART	2.2%	1.7%	✘	28.1%
ESTRST	2.7%	N/A		N/A

CY REJECTS – INDIVIDUAL

Current Year (CY) Business Rule Rejects - Jan,01,21 - May,31,21			
IND	Reject Rate CY	Reject Count CY	Rule Description
Business Rule	All NC SPs	All NC SPs	
X0000-005	0.485%	22,059	The XML data has failed schema validation.
NCD400-1010	0.200%	9,115	[D-400/D-410] Duplicate return. The original submission's Primary SSN matches an existing accepted original return's Primary SSN or Secondary SSN.
NCD400-2620	0.142%	6,466	[D-400] If taxpayer and spouse (if Married Filing Jointly) are full-year residents, then D400 line 13 must be blank.
NCD400-1020	0.049%	2,244	[D-400/D-410] The software used has not been approved for e-file.
NCD400-2260	0.033%	1,490	[D-400 Sch S] Schedule S line 17 must equal the sum of lines 1 through 16.

CY REJECTS – ESTATES AND TRUSTS

Current Year (CY) Business Rule Rejects - Jan,01,21 - May,31,21			
ESTRST	Reject Rate CY	Reject Count CY	Rule Description
Business Rule	All NC SPs	All NC SPs	
X0000-005	2.546%	706	The XML data has failed schema validation.
NCD407-1250	0.108%	30	[D-410P] Line 1 minus line 2 must equal line 3, if positive; otherwise line 3 must be zero or blank
NCFIN-1160	0.094%	26	[Financial] Bank Account Number must be numeric with a minimum of 5 digits
NCFIN-1050	0.054%	15	[Financial] Payment account holder type must be specified.
NCD407-1100	0.025%	7	[D-407] Page 1 Line 2 must equal Schedule B, Fiduciary Column, Line 4.

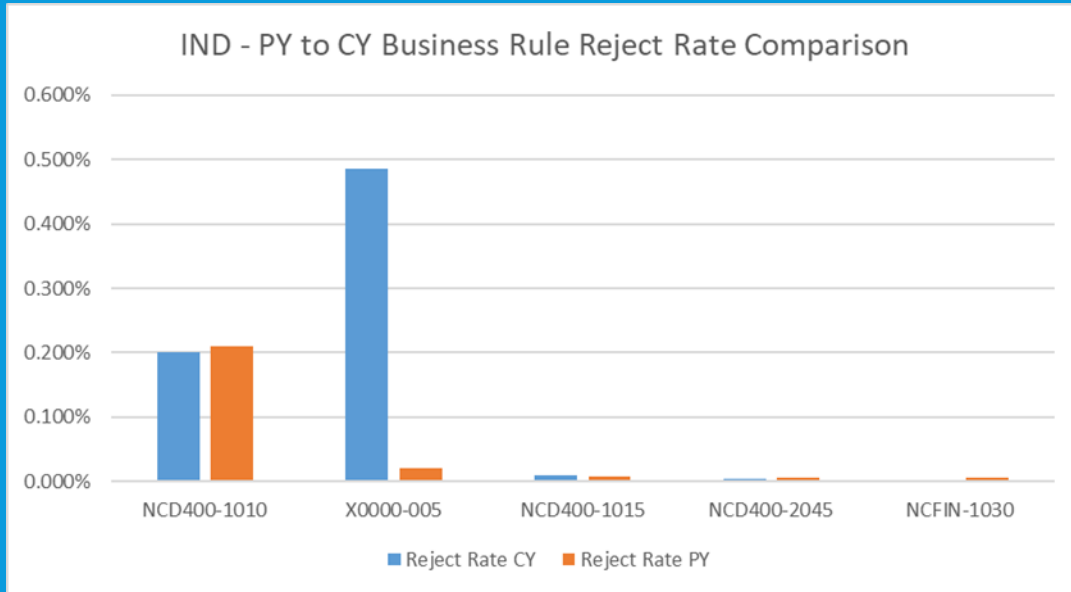
CY REJECTS - CORPORATE

Current Year (CY) Business Rule Rejects - Jan,01,21 - May,31,21			
CORP	Reject Rate CY	Reject Count CY	Rule Description
Business Rule	All NC SPs	All NC SPs	
NCBUS-1000	0.625%	1,242	[Core] Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
X0000-005	0.592%	1,175	The XML data has failed schema validation.
NCCD401S-2161	0.206%	410	[CD-401S] 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.
NCCD401S-2110	0.155%	308	[CD-401S] For each Schedule K Shareholder, line 5 must equal line 4 multiplied by Schedule H line 11 (with the result rounded to the nearest whole number).
NCCD401S-4005	0.152%	302	[Other Additions Worksheet] Other Additions Worksheet: Total of Additions must equal sum of Other Additions amounts on Worksheet

CY REJECTS - PARTNERSHIP

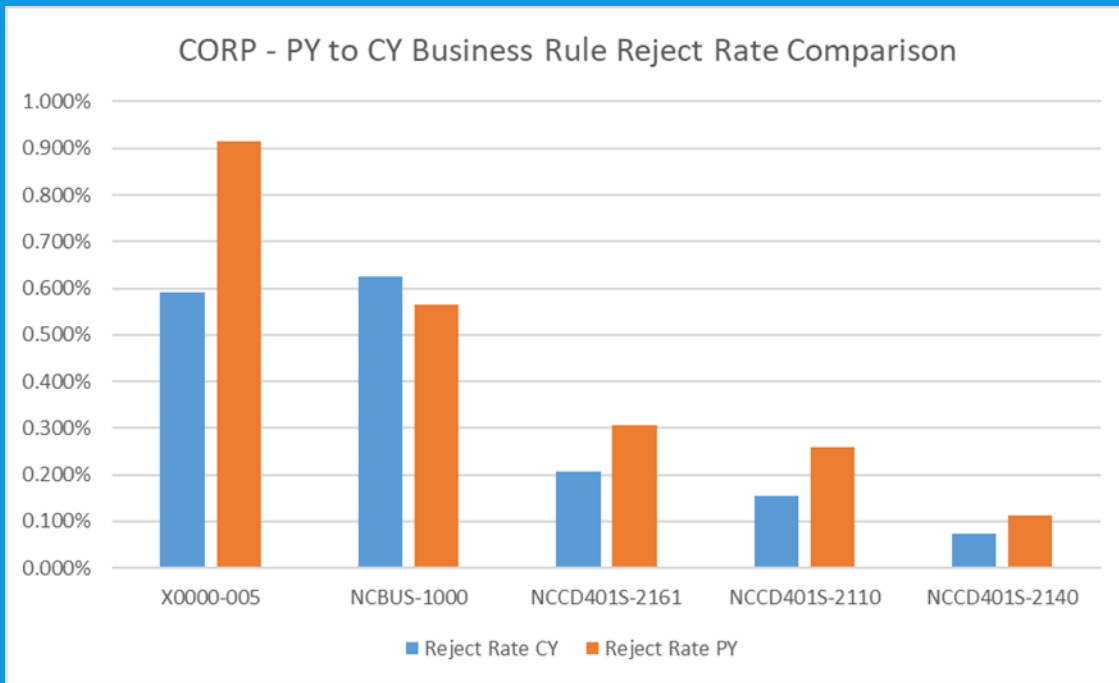
Current Year (CY) Business Rule Rejects - Jan,01,21 - May,31,21			
PART	Reject Rate CY	Reject Count CY	Rule Description
Business Rule	All NC SPs	All NC SPs	
NCBUS-1000	0.490%	548	[Core] Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
X0000-005	0.379%	424	The XML data has failed schema validation.
NCD403-3000	0.347%	388	[D-403NCK1] The sum of Line 1 from all issued D403 NC K-1's must equal D403, Part 1, Line 1
NCD403-1360	0.307%	344	[D-403] 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.
NCFIN-1050	0.252%	282	[Financial] Payment account holder type must be specified.

CY TO PY REJECTS - INDIVIDUAL



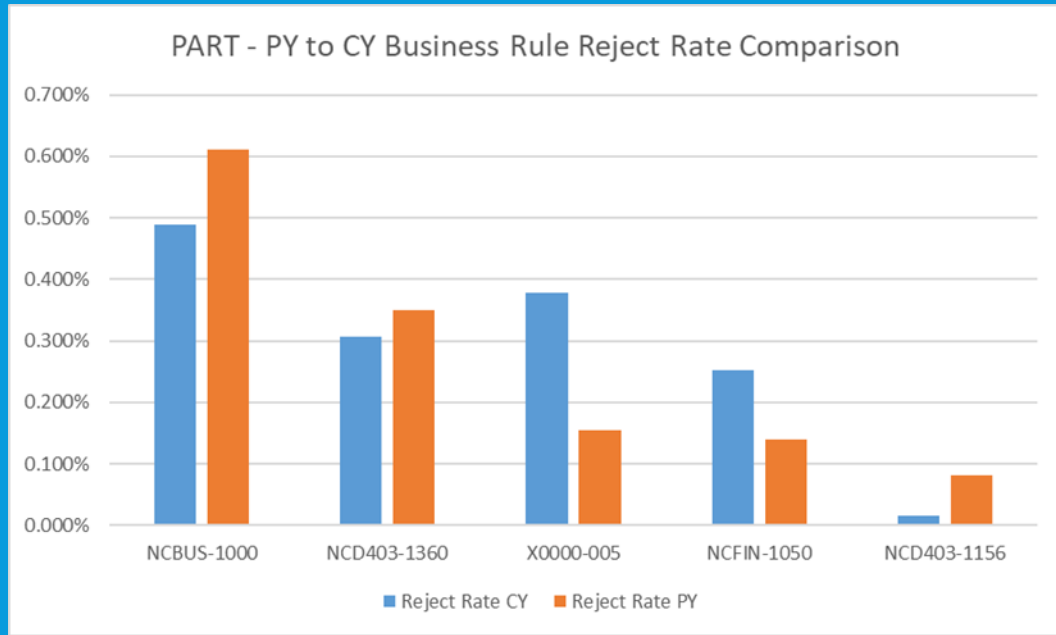
Prior Year (PY) to Current Year (CY) Business Rule Reject Rate Comparison			
IND	All NC SPs		Rule Description
Business Rule	Reject Rate CY	Reject Rate PY	
NCD400-1010	✓ 0.200%	0.210%	[D-400/D-410] Duplicate return. The original submission's Primary SSN matches an existing accepted original return's Primary SSN or Secondary SSN.
X0000-005	✗ 0.485%	0.021%	The XML data has failed schema validation.
NCD400-1015	✗ 0.009%	0.007%	[D-400/D-410] Duplicate return. The original submission's Secondary SSN matches an existing accepted original return's Primary SSN or Secondary SSN.
NCD400-2045	✓ 0.004%	0.006%	[D-400/D-400 Sch A] If the Standard Deduction is claimed, Line 11 must equal \$10,750 if Filing Status is Single, \$21,500 if Filing Status is Married Filing Jointly or Qualifying Widow(er), \$10,750 or \$0 if Filing Status is Married Filing Separately, or \$16,125 if Filing Status is Head of Household. Schedule A must not be
NCFIN-1030	✓ 0.002%	0.005%	[Financial] Payment requested settlement date must not be more than 2 months before the IRS received date.

CY TO PY REJECTS - CORPORATE



Prior Year (PY) to Current Year (CY) Business Rule Reject Rate Comparison			
CORP	All NC SPs		Rule Description
Business Rule	Reject Rate CY	Reject Rate PY	
X0000-005	✓ 0.592%	0.915%	The XML data has failed schema validation.
NCBUS-1000	✗ 0.625%	0.565%	[Core] Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
NCCD401S-2161	✓ 0.206%	0.307%	[CD-401S] 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.
NCCD401S-2110	✓ 0.155%	0.260%	[CD-401S] For each Schedule K Shareholder, line 5 must equal line 4 multiplied by Schedule H line 11 (with the result rounded to the nearest whole number).
NCCD401S-2140	✓ 0.074%	0.113%	[CD-401S] For each Schedule K Shareholder, line 7 must equal line 4 multiplied by Schedule I line 2 (with the result rounded to the nearest whole number).

CY TO PY REJECTS - PARTNERSHIP



Prior Year (PY) to Current Year (CY) Business Rule Reject Rate Comparison			
PART	All NC SPs		Rule Description
Business Rule	Reject Rate CY	Reject Rate PY	
NCBUS-1000	✓ 0.490%	0.611%	[Core] Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period.
NCD403-1360	✓ 0.307%	0.349%	[D-403] 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.
X0000-005	✗ 0.379%	0.154%	The XML data has failed schema validation.
NCFIN-1050	✗ 0.252%	0.140%	[Financial] Payment account holder type must be specified.
NCD403-1156	✓ 0.015%	0.081%	[D-403] Part 1 Line 14b must be equal to the sum of the following lines from all the associated forms received by the partnership: Partnership (D403) NC-K1 Line 7.

ATS TESTING

IIT and BIT software products approved before the NCDOR opening dates

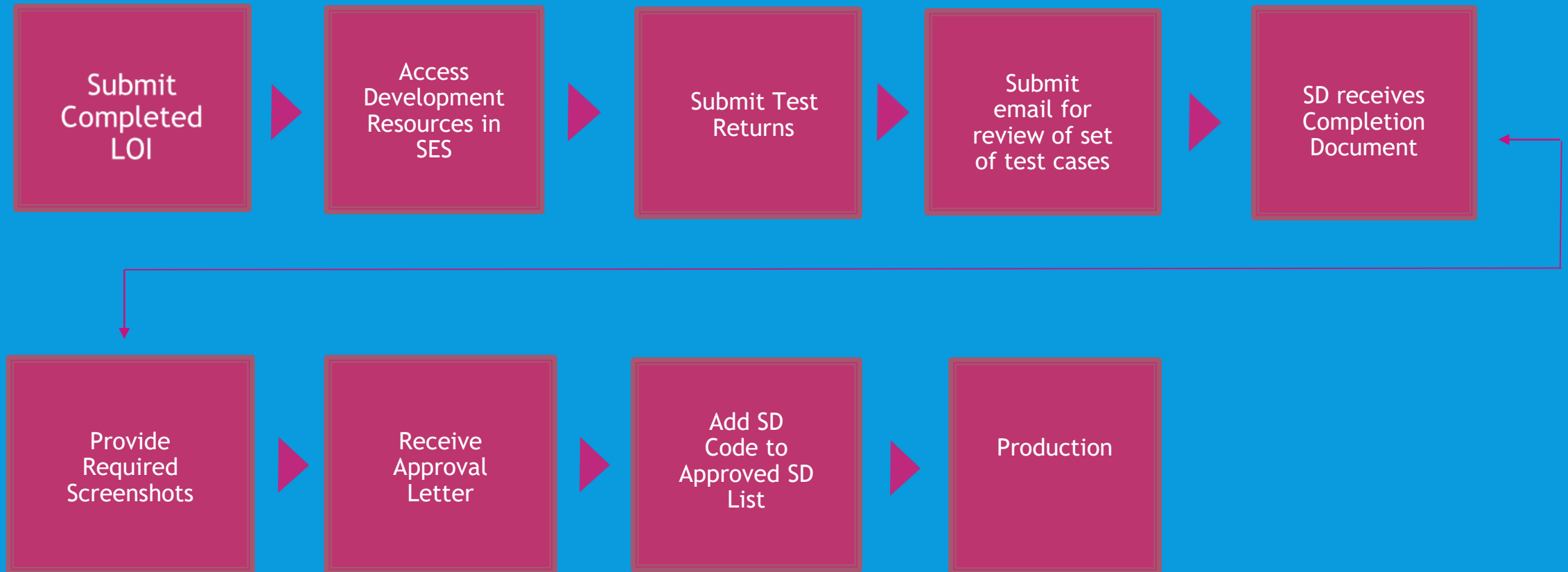
- Individual Income – 98% before February 12th (100% complete on opening day!!!)
- Business (Corporate and Partnership) – 48% before January 11th
- Business (Estates and Trusts) – 70% before February 1st



Topics for further discussion:

- ATS Testing Approval Process
 - LOI
 - Updates
 - IRS Opening, NCDOR ATS Testing and NCDOR Release Dates

ATS TESTING (CONTINUED)



ATS TESTING (CONTINUED)

LOI

- Provide complete list of contacts to receive automated comparison emails

Expectations for MeF eFile Test Submissions

- First initial submissions should be submitted by December 31 deadline
- Software should be approved in 4 or fewer attempts including initial submission
- Testing of all products should be completed by March deadline
 - Deadline date to be determined
 - Included in ERO guide

ATS TESTING (CONTINUED)

IRS Opening dates for TY2021

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

NCDOR ATS Testing Start Date

- eFile will communicate via email our planned start date for ATS testing (depends on IRS start date)

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

- Drafts of Schemas and Business Rules posted to SES – TBD
- Final Version of Schemas and Business Rules posted to SES – TBD
- ERO Guides - TBD
- ATS Test Package – TBD

Note: Until final legislation passes, all dates subject to being impacted.

EFILE MEF APPROVAL SEASON RESULTS

IND

- 100% of Individual Software Developers were able to meet the expectations for the 2020 Approval Season for MeF of 49 products

CORP

- 100% of Corporate & Franchise Software Developers were able to meet the expectations for the 2020 Approval Season for MeF of 24 products

PART

- 100% of Partnership Software Developers were able to meet the expectations for the 2020 Approval Season for MeF of 24 products

E&T

- 91% of Estates and Trust Software Developers were able to meet the expectations for the 2020 Approval Season for MeF of 11 products

98%
Exceptional

TY2021 MEF

- Perfection period
 - The Authentication Header fields below will be used by NCDOR to implement a more defined perfection period process for rejected IIT and BIT submissions.
 - AuthenticationHeader/FilingHistory/StateSubmissionIdOrig
 - AuthenticationHeader/FilingHistory/StateSubmissionIdDateOrig
- Form NC-K1 for D-407
 - Schema included for all tax schedules
- Estates and Trusts
 - Increase adoption rate

TY2021 MEF REMINDERS

ERO Guide Review

Production Issues

Remitting payments

Sensitive Taxpayer Information

Awaiting approval

Gateway maintenance

Regression Testing

INFORMATION AND REPORTING APPLICATIONS FILING SEASON

TY2020 Volume of Forms for All Methods

Received as of 5/31/2021

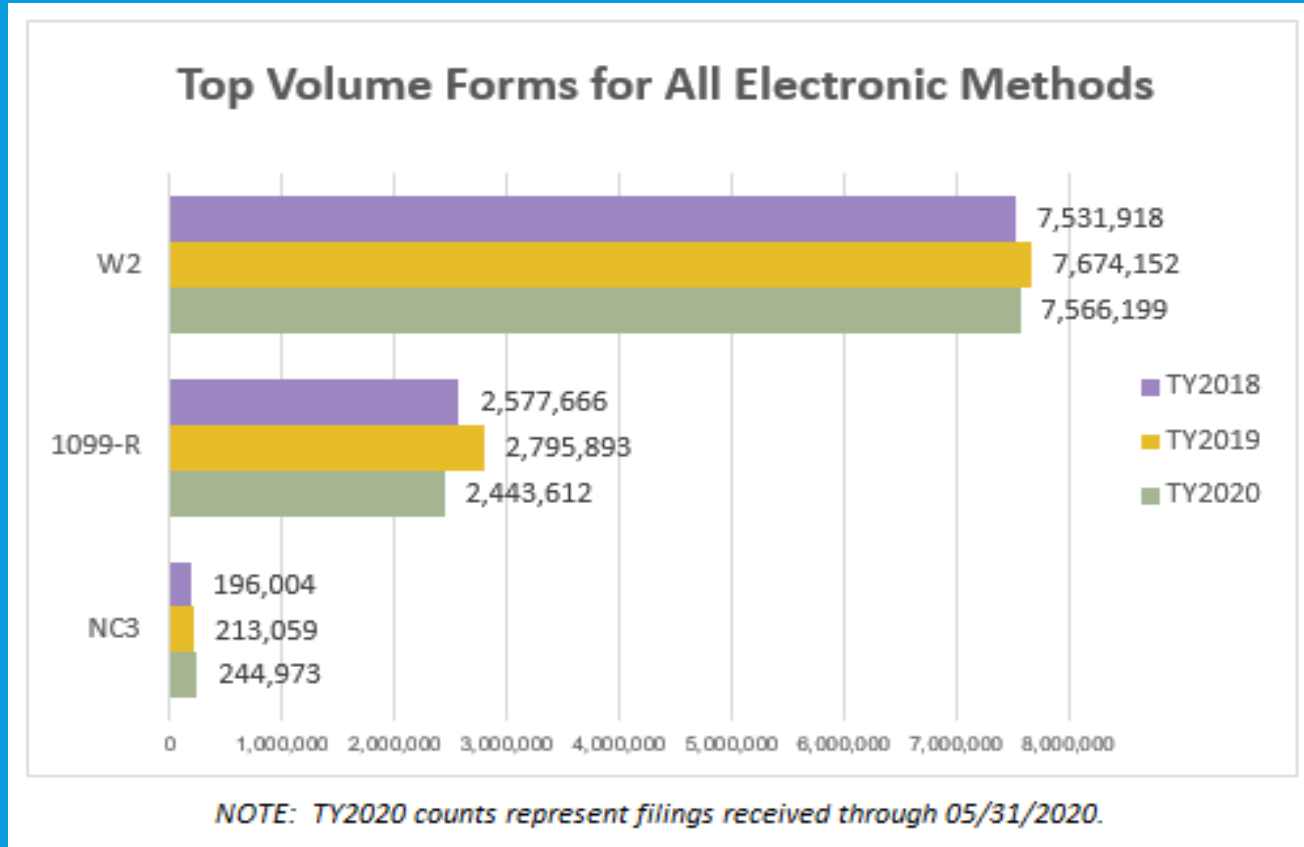
NC3	NC3-X	1099-B	1099-DIV	1099-G	1099-INT	1099-OID	1099-R
244,973	2,020	239	261	105	153,679	26	2,443,612
1099-MISC	1099-NRS	NC1099M	1099-NEC	W2	W2-C	W2-G	1042S
29,133	2	396	75,540	7,566,199	17,343	155,480	371

TY2020 Volume of Server-to-Server Filings

Received as of 5/31/2021

NC-3	1099-R	W-2
23,654	0	232,016

INFORMATION AND REPORTING APPLICATIONS FILING SEASON (CONTINUED)



Method	NC5Q
Tax Year	Form
Quarter	Counts
Manual	11,851
2019	2
1	0
2	0
3	0
4	2
2020	8,894
1	1,880
2	2,135
3	2,393
4	2,486
2021	2,955
1	2,955
Upload	194,533
2019	41,807
1	8
2	9
3	20,855
4	20,935
2020	120,085
1	26,253
2	28,386
3	29,671
4	35,775
2021	32,641
1	32,641
Grand Total	206,384

INFORMATION AND REPORTING APPLICATIONS

- eNC3 Specifications
 - Release date of TY2021 specification documents is TBD
 - At this time, there are no changes expected for W-2
 - eFile is reviewing 1099 upload specifications
- eNC3 Application
 - Another successful year with the support of electronic NC-3, W-2, and 1099 data
- Server-to-Server (S2S) Pilot Program Continues
 - Currently supports submission of forms NC-3, W-2, and 1099-R
 - Piloted with 2 software companies with live data in January 2021
 - Adding 2 more providers in the fall
 - More information will be communicated regarding the availability of this filing method to a broader selection
 - Planning to add two 1099 forms:
 - 1099-MISC
 - 1099-NEC

INFORMATION AND REPORTING APPLICATIONS (CONTINUED)

- eNC5Q Specifications
 - Release date of the TY2022 specification documents is TBD
- eNC5Q Application
 - Piloted with 2 providers in October 2019
 - Went live on April 06, 2020 with the 1st Quarter of TY2020 and all subsequent quarters
 - NCDOR developed 2 electronic filing options to replace paper filings
 - File upload
 - Manual online entry
 - No TY2021 form changes
 - Only regression testing was required for current software and payroll service providers

INFORMATION AND REPORTING APPLICATIONS REMINDERS

- NCDOR system is designed to follow all of these:
 - IRS Publication 1220
 - SSA Publications EFW2 and EFW2C
 - NCDOR supplemental specifications
- If filing forms electronically, do not send in the duplicate paper documents
- Test Link is available for testing file format(s)
- Test your file formats with the eFile Unit and your company will be listed on the NCDOR website
- Educate your customers/clients to contact you for any software diagnostic errors that are generated within your software - NCDOR cannot assist with your software diagnostic errors
- Use form NC-5PX to mail payments as the eNC5Q application does not support filing of payments

CONTACTS

eFile Unit

Email address: NCTaxEfile@ncdor.gov – MeF or general questions

Email address: eNC3@ncdor.gov – eNC3, eNC5Q and S2S questions

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Fax: 919-715-6158

Management

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Lei Satterfield – Assistant Director

Felecia Coley-Roberson – Manager

Janie Wright – Supervisor

Unit Members

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Wendy Greer

William Hill



SPD | SUBMISSIONS PROCESSING DIVISION

