

**State of New Hampshire  
Department of Revenue Administration**

**Modernized e-File Handbook  
for Tax Practitioners, EROs, Transmitters, and Software  
Developers**

**Interest & Dividends Tax Return (Form DP-10), Business  
Enterprise Tax Returns, and Business Profits Tax Returns**

**Tax Year 2017**

DRAFT



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**Section 1.0 INTRODUCTION**

Tax Practitioners, EROs, Transmitters, and Software Developers

The New Hampshire Department of Revenue Administration (NHDR) Modernized e-File Handbook for tax practitioners, EROs, transmitters, and software developers provides the necessary information to successfully implement the federal/state electronic filing program and identifies those items which are unique to the electronic filing of New Hampshire tax returns. In addition, the NHDR requires participating e-File vendors to yearly complete, sign, and submit Letters of Intent for approval. You cannot transmit any electronic returns to us before you are approved.

The NHDR in conjunction with the Internal Revenue Service (IRS), began accepting New Hampshire Interest & Dividends Tax returns (Form DP-10), Exception & Penalty for the Underpayment of Estimated Tax (Form DP-2210/2220) for tax year 2014 by method of the Modernized e-File system (MeF). The acceptance of these forms continued for tax year 2015 with the addition of the taxpayer's ability to make direct balance due payments via an ACH Debit transaction from the taxpayers financial institution.

This program was expanded in 2016 to accept Business Enterprise Tax Returns and Business Profits Tax Returns for Partnership and Corporate profiles.

This program will be expanded again in 2017 to accept Business Enterprise Tax Returns and Business Profits Tax Returns for the Proprietorship and Fiduciary profiles.

The Fed/State e-File Program provides for a "one stop shop" for tax filing. It allows taxpayers to file their federal and state returns through their tax preparer or by using tax preparation software in one electronic transmission. We publish a list on our website, at <http://www.revenue.nh.gov/>, of all software vendors who have been certified to transmit returns in New Hampshire. This list is available to both taxpayers and tax preparers.

This guide will provide tax preparation software vendors information necessary for approval by the New Hampshire Department of Revenue Administration. It describes:

- How to register to participate in the New Hampshire e-File program;
- How to meet federal and state legal requirements for all products established;
- How to request a review for testing certification;

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- How to format and package data for electronic transmission; and
- How to submit software test returns to the department.

The transmission method is a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data is 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. The State submission can be transmitted as a "linked" return (also referred to as a Fed/State return) or as an "unlinked" return (also referred to as a State Standalone return). Each return (Linked or Unlinked) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with NHDRA prior to submitting live Fed/State or State Standalone returns.

## **Section 2.0 GENERAL INFORMATION**

### Testing Period

MEF ATS Testing scheduled is to be determined. Testing will conclude when IRS testing concludes.

### Signature Requirements

The following statements shall be displayed with the taxpayer's electronic signature authorization prompt: "Under penalties of perjury, I declare by submitting this return that I have personally examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. In addition, I hereby declare and certify that the electronic signature was actually signed by the taxpayer and that the electronic signature is valid. If filing a joint return, this applies to both taxpayers."

### Making Payments for Balance Due Returns

Taxpayers will have three options when their New Hampshire return shows a balance due. They may elect to make a direct payment, pay on-line or pay by check or money order mailed to the NHDRA.

1. Direct Payment – New Hampshire began supporting direct payments as a payment option for balance due returns in 2015. A taxpayer can elect direct payment by providing the information used to debit the taxpayers financial institution for the amount due on the date selected. This information includes the routing transit number, bank account number, type of account (checking or savings), and requested payment date. The Federal Office of Foreign Assets

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Control is imposing additional reporting requirements on electronic banking transactions directly involving a financial institution outside of the territorial jurisdiction of the United States. These transactions are called International ACI Transactions (IAT). Presently, the New Hampshire Department of Revenue Administration does not support IAT ACH Debit Transactions.

Taxpayers electing to make payments on balance due returns using the Direct Payment option shall have the following authorization statements displayed with the taxpayer's Direct Payment information: "I (we) authorize The State of New Hampshire (New Hampshire Department of Revenue Administration) to electronically debit my (our) account (and if necessary, electronically credit my (our) account to correct erroneous debits). I (we) understand that this authorization is for a single transaction on the date of submission."

2. Pay On-Line – Taxpayers can use this option to make a payment on-line for current year taxes, estimated payments, extension payments, or payments on past due taxes. This payment can be made either by credit card or ACH Debit at <http://www.revenue.nh.gov/>. If a taxpayer elects to pay via ACH Debit transaction, the same financial institution information required for a direct payment will need to be provided. As a reminder, even if an electronic payment is made, the return must still be filed by the applicable due date.

3. Pay by Check or Money Order – To pay by check or money order, mail check or money order made payable to the State of New Hampshire along with the NH-PYT voucher to the address on the voucher.

### Data Requirements

Generally you should send data elements only if they contain data values. The exception to this is for the required data elements within the schema such as numeric fields where the NHDRA requires an entry even if it is a zero.

### Types of Filings Accepted

New Hampshire will accept Federal/State returns and State-Only returns.

New Hampshire returns included in the combined federal and state e-file program must be transmitted to the IRS along with the associated federal returns.

New Hampshire only tax returns still must go through the IRS. **All New Hampshire Business Enterprise Tax Return and Business Profits Tax Return must include a copy of the corresponding federal return.** Possible reasons to file a New Hampshire-only return include:

- a. There is not a federal filing requirement;
- b. The federal return has already been filed; or

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- c. The original state filing was rejected.

Exclusions from Electronic Filing

Tax returns for a tax year other than Tax Year 2014, 2015, 2016, 2017, or a tax year the vendor has not received approval.

Handling of Attachments

PDF attachment names may contain letters and numbers. The name should reference the Form/Schedule and Line number when possible. The PDF should only have one file extension .PDF.

Monitoring the Quality of Your Software

The NHDRA will monitor the quality of your electronic transmissions. If the DRA decides your software performance is unacceptable, we will contact you. In addition, we monitor complaints about you and your products, whether you are meeting the requirements that govern the e-Filing in New Hampshire, and the accuracy of your returns. If necessary, we will issue you a warning or letter suspending your e-filing privilege. If suspend, we will let you know what steps you need to take to be reinstated.

Exclusions from Mandated Electronic Filing Program

Currently, New Hampshire does not have any electronic filing mandates. Participation in this program is voluntary.

Due Dates

The due date for Individual, Partnership, and Fiduciary filers of Interest and Dividends Tax Returns is April 15<sup>th</sup>. Fiscal year filers have until the 15<sup>th</sup> day of the fourth month after the end of their fiscal year to file the return and pay their tax.

The due date for Partnership Business Enterprise Tax Return and Business Profits Tax Return filers is March 15<sup>th</sup> or the 15<sup>th</sup> day of the third month following the expiration of its taxable period.

The due date for Corporate, Fiduciary, and Proprietorship Business Enterprise Tax Return and Business Profits Tax Return filers is April 15<sup>th</sup> or the 15<sup>th</sup> of the 4<sup>th</sup> month following the expiration of its taxable period.

All filers get an automatic seven-month extension to file Interest and Dividend Tax, Business Enterprise Tax, and Business Profits Tax Returns provided all the tax due is paid by the statutory due date of the tax. Tax payments are due by the statutory

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due date and can be made by filing an extension. See our website at <http://www.revenue.nh.gov/efile/index.htm> for applicable extension forms and/or to make an extension payment through the site.

Changes to e-filed Returns

If you need to make changes to a return we have already accepted, you may e-file an amended return by indicating as such. You may also complete and file a paper return indicating it is as amended and mail to the address on the return.

**Section 3.0 HIGHLIGHTS AND CHANGES FOR TAX YEAR 2017**

Changes Related to Legislation, Procedures, or Policy

There were no legislative changes to the Interest and Dividends Tax under Chapter 77 for Tax Year 2017.

There were several 2016 legislation changes for Business Enterprise Tax and Business Profits Tax. These changes are reflected on the applicable forms and are integrated into the business tax filings. These changes are as follows:

- Reporting the sale or exchange of an interest in a business organization.
- New tax rates for Business Enterprise Tax and Business Profits Tax, .72% and 8.2%, respectively.
- For purposes of Business Profits Tax the adoption of the Internal Revenue Code in effect as of December 31, 2015 with exceptions for taxable periods beginning on or after January 1, 2017. The later will only be applicable for short period returns with taxable periods beginning on or after January 1, 2017, otherwise they will be filed in Tax Year 2017.
- The maximum IRC Section 179 deduction is raised to \$100,000 for property placed in service on or after 1/1/2017.
- All changes have been incorporated into the BPT forms. No additional lines were added.

The 2017 legislative changes of Business Enterprise Tax and Business Enterprise Tax are reflected on the applicable forms and are integrated into the business tax filings. These changes are as follows:

- The maximum IRC Section 179 deduction is raised to \$500,000 for property placed in service on or after 1/1/2018.
- Adopts the IRC of 12/31/2016 for taxable periods beginning on or after 1/1/2018.
- All changes have been incorporated into the BPT forms. No additional lines were added.

[Special Instructions for Single Member Limited Liability Companies \(SMLLC\) Filing Business Enterprise Tax and Business Profits Tax as Proprietorships](#)

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Pursuant to RSA 77-A:1, every business organization must file as a separate entity form that of its owner/member, even in cases where the Federal filing of the SMLLC reports its items of income and expense on the return of the owner. In addition to filing as an entity separate from its owner/member, the SMLLC must file its NH returns using a unique identification number not shared or used by any other taxpayer. This will not be the members Social Security Number (SSN), but rather a Federal Employer Identification Number (FEIN) or an assigned Department Identification Number (DIN). SMLLCs filing as proprietorships will file under the manifest type of a partnership in accordance with Section 7.0 (see Business Rule NHBTO-014) and Form NH-1040 must be present. In addition SMLLCs using a DIN will need to provide a FEIN or SSN for processing purposes only. Individuals (not SMLLCs) filing as proprietorships with an SSN will file under the manifest type of an individual in accordance with Section 7.0 (see Business Rule NHBTO-014) and Form NH-1040 must be present. **See page 13 for manifest types.**

Changes in Schema Version

Updates to the Schema have been made and are reflected on the FTA Secure Exchange Site.

Changes in Business Rules

The business rules for the Modernized e-File program are updated to reflect the acceptance Business Enterprise Tax Returns and Business Profits Tax Returns and can be found on the FTA Secure Exchange Site.

New Hampshire Electronic Filing Calendar for Tax Year 2017

MeF ATS Testing Begins (in conjunction with the IRS)	TBD
Begin Transmitting MeF Returns to IRS/New Hampshire	TBD
Last Day for Timely e-File Transmitted 2017 Interest and Dividend Returns on Extension	11/15/2018
Last Day for Timely e-File Transmitted Business Enterprise Tax Returns and Business Profits Tax Returns on Extension for Partnerships	10/15/2018
Last Day for Timely e-File Transmitted Business Enterprise Tax Returns and Business Profits Tax Returns on Extension for Corporations, Proprietorships, and Fiduciaries	11/15/2018



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Note: New Hampshire conforms to the dates established by the IRS and these dates are subject to any changes the IRS may make. As these dates become available, they will be posted to the NHDRA website.

Electronic Filing Program Publications

Use this handbook in conjunction with the following publications:

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

IRS Publication 5078 – *Modernized e-File (MeF) Test Package*

IRS Publication 4163 – *Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns*

IRS Publication 4164 – *Modernized e-File (MeF) Guide for Software Developers and Transmitters*

IRS Publication 1075 – *Tax Information Security Guidelines For Federal, State and Local Agencies*

NHDRA conforms to all requirements, rules and regulations set forth by the IRS. New Hampshire publications are not intended to alter or amend the IRS requirements.

Supported New Hampshire Tax Forms

New Hampshire Interest & Dividends Tax Return Form DP-10 and Instructions and Form DP-2210/2220 and Instructions

New Hampshire Business Enterprise Tax Returns and Business Profits Tax Returns Forms and Instructions:

BT-SUMMARY

BET

BET-80

NH-1040

NH-1041

NH-1065

NH-1120

ADDLINFO

DP-80

DP-120

DP-131-A

DP-132

DP-160

DP-2210/2220

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Balance Due Returns

For Tax Year 2015 and later the NHDRA will support electronic funds withdrawal/direct debit for e-filed returns. Taxpayers will also have two other options when their New Hampshire return shows a balance due. They may submit their payment on-line at <http://www.revenue.nh.gov/> or pay by check or money order with the NH-PYT voucher by mail to the NHDRA.

Overpayment Returns

Taxpayers have three options when their New Hampshire return shows an overpayment of tax:

- Apply entire overpayment to next year's estimated tax;
- Request a refund for the entire overpayment; or
- Apply a portion of the overpayment to next year's estimated tax and request a refund for the balance of the overpayment of tax.

**Section 4.0 CONTACT INFORMATION**

The NHDRA has established a means of communication for Modified e-File. All questions or inquiries related to e-File issues should be directed to the Department's e-File Coordinator. Please use only the below contact information rather than contacting e-File personnel at their personal phone numbers or e-mail addresses. By contacting the e-File Coordinator directly by phone you run the risk of not getting a timely response if they happen to be out of the office. Regular hours of operation are 8 a.m. to 4:30 p.m. Monday through Friday. Please see below for the contact information.

E-Mail: [DRAEFile Coordinator@dra.nh.gov](mailto:DRAEFileCoordinator@dra.nh.gov)

Mail: State of New Hampshire  
Department of Revenue Administration  
c/o e-File Coordinator  
PO Box 637  
109 Pleasant Street  
Concord, NH 03302-0637

**Section 5.0 ACCEPTANCE AND PARTICIPATION**

Currently, participation in the NHDRA electronic data submission is not mandated. However, voluntary participation is contingent on the below-referenced acceptance criteria:

1. NHDRA will accept returns electronically from any IRS approved and NHDRA approved software provider. NHDRA approvals will be granted upon successful

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completion of testing with the NHDRA. Software providers will work in a cooperative partnership effort with the NHDRA. The NHDRA reserves the right to deny and/or reject any software provider approval requests that do not follow the guidelines specified in this and other referenced documents.

2. Software providers should notify the NHDRA of their plan to participate by making the following information available to the NHDRA for participation:

a. Completed Tax Year 2017 Letter of Intent (LOI) to participate in the NHDRA Modernized e-File system. This can be found on the FTA Secure Exchange Site (SES). When you submit your LOI it is VERY important to include all of the EFINS and ETINS assigned by the IRS that will be used during Tax Year 2017 as NHDRA will only allow transmissions from those EFINS and ETINS that have been certified with NHDRA, and

b. Completed Tax Year 2017 Letter of Intent (LOI) to Produce Substitute or Reproduced Forms for at least the NH-PYT form.

**Section 6.0 SOFTWARE DEVELOPERS RESPONSIBILITIES & TERMS OF PARTICIPATION**

**Participating Software Developers agree to the following terms:**

1. 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*, and in this publication.
2. Successfully complete all testing.
3. Develop forms in accordance with statutory requirements and New Hampshire return preparation instructions.
4. Provide accurate New Hampshire tax returns in correct electronic format.
5. Provide data validation, verification, and error detection to prevent the transmission of incomplete, inaccurate, or invalid return information.
6. Allow PDF attachments to be sent with the New Hampshire tax return data. The annotations included in the schemas describe which data elements need a PDF attachment.
7. Must be available to correct any software errors, which may occur after production begins, and work with the NHDRA to follow up on any processing issues that may arise during filing season. Corrected software should be re-released in a timely manner and proper notification should be made to all customers.

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8. Include the following statement notifying taxpayers of their legal responsibility, before submission of a return: "Under penalties of perjury, I declare by submitting this return that I have personally examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Furthermore, I hereby declare and certify that the electronic signature was actually signed by the taxpayer and that the electronic signature is valid. If filing a joint return, this applies to both taxpayers."

9. In the event of a "security breach," defined at RSA359-C:19, V, comply with all notification requirements to affected individuals as set out at RSA 359-C:20.

NOTE: Additional vendor standards are located on the Letter of Intent (registration form).

Software providers must adhere to the IRS e-File Security, Privacy and Business Standards published on the IRS website at <http://www.irs.gov/uac/IRS-e-file-Security,-Privacy-and-Business-Standards-Mandated-as-of-January-1,-2010>

### **Section 7.0 Software Acceptance, Testing and Approval**

1. The NHDRA requires all software developers to undergo a complete and successful user acceptance test process which includes a Test Plan Package. The test package will detail the conditions and acceptance procedures and test cases. The NHDRA will notify the developer by e-mail as soon as possible of the acceptance or issue results if such exist with the test returns. Please consult the NHDRA Electronic Filing Test Plan Package for more details and information.

2. Software developers participating in the Interest and Dividends Tax Program shall support Form DP-10 and Form DP-2210/2220. It is important that our taxpayers and your customers are provided with a complete range of service.

Expected values for the State Submission Manifest

<u>Form</u>	<u>Tax Type/ Category</u>	<u>Submission Type</u>	<u>Tax Year</u>
DP-10	Individual/Joint	FormDP10IND	2017
DP-10	Partnership	FormDP10PART	2017
DP-10	Fiduciary	FormDP10FID	2017

3. Software developers participating in the Business Enterprise Tax and Business Profits Tax Program shall support Form BT-SUMMARY and all applicable forms to file a complete return in accordance with New Hampshire Statutes and Revenue Rules. It is important that our taxpayers and your customers are provided with a complete range of service.

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<u>Form</u>	<u>Tax Type/ Category</u>	<u>Submission Type</u>	<u>Tax Year</u>
BT-SUMMARY	Corporate	FormBTSUMCORP	2017
BT-SUMMARY	Partnership	FormBTSUMPART	2017
BT-SUMMARY	Fiduciary	FormBTSUMFID	2017
BT-SUMMARY	Proprietorship (Individual)	FormBTSUMIND	2017
BT-SUMMARY	Proprietorship (SMLLC)	FormBTSUMPART	2017

4. The test package will consist of the following publications:

- XML forms-based schema
- Business rules
- PDF copies of state test returns
- Scenarios including special test conditions will include but not be limited to the following scenarios:
  - 1) Various taxpayer types, individual, joint, partnership, and fiduciary;
  - 2) Balance due – direct payment, paid by check, or return payment from NHDRA website;
  - 3) Zero refund/zero due;
  - 4) Refund – paid by check;
  - 5) Credit carryover – to subsequent period;
  - 6) Initial, final, and amended returns; and
  - 7) Refund and credit carryover – split between paid by check and credit to subsequent period.

5. Edits and verification, or business rules, are defined for each field or data element within the schema set. Developers must closely follow the requirements for each field to insure proper data formatting.

6. The NHDRA will accept test returns at any time after testing has opened. The MeF testing system is subject to IRS availability and dates are subject to change. Please e-mail the e-File Coordinator when sending test returns indicating that you are submitting returns for test. Include your ETIN and Submission ID's associated with the test returns.

7 The NHDRA will provide test results in a timely manner, usually within 48 hours of receipt. Software developers will receive test results and an approval letter by e-mail upon successful completion of user acceptance testing. Your test results must show your software adequately performed the tasks for which you designed it for each test-case scenario.

8. The NHDRA will review submissions in the order in which they are received. If the software is not approved, you will be notified of the problems and can resubmit your test scenarios once the problems are corrected.

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9. Acknowledgements (ACK) will be generated on all test returns, however an "accepted" ACK does not mean your software is approved for release. You must receive a software approval letter from the NHDRA prior to releasing your software.

## **SECTION 8.0 ACKNOWLEDGEMENT SYSTEM**

1. The NHDRA 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. New Hampshire returns included in the combined federal and state e-file program must be transmitted to the IRS along with the associated federal returns. In the combined program, the IRS acknowledges that it has accepted the returns, and makes the state information available to the department within 24 hours for retrieval. The NHDRA receives no state information associated with federal returns the IRS rejects.

3. New Hampshire only tax returns still must go through the IRS. All New Hampshire returns must include a copy of the corresponding federal return. Possible reasons to file a New Hampshire-only return include:

- a. There is no federal filing requirement;
- b. The federal return has already been filed; or
- c. The original state filing was rejected.

In the New Hampshire-only program, the IRS makes the state information available to the NHDRA within 24 hours for retrieval.

Note: The IRS acknowledges only that it received the federal data. It does not indicate whether the NHDRA has "accepted" the state return. If your software supports State-Only and the IRS rejected a federal return, you can resubmit the return.

4. Transmitters and software developers should allow 2 days to receive the State acknowledgement before contacting the NHDRA.

5. To check on the status of a NHDRA acknowledgement, contact the e-File Coordinator by phone or email with the following information:

Transmission Date  
Submission ID

6. New Hampshire Acknowledgements

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Accepted – This acknowledgment indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required regarding the transmission.

Rejected – This acknowledgment indicates the electronic return was received but failed to complete the pre-entry validation process (it failed schema requirements or any of the business rules), the transmitter receives an acknowledgement from NHDRA with error description(s). The acknowledgment contains codes and error descriptions indicating the cause of the rejection. The error condition must be corrected and the return can then be re-transmitted as a “State-Only” transmission. New Hampshire follows the IRS 10-day perfection period on rejected Interest and Dividend Tax Returns.

Accepted with Alert - This acknowledgment indicates the electronic return was received and successfully completed the validation process. No further action is required regarding the transmission. Alerts identify return conditions for the transmitter, software developer or taxpayer that do not result in the rejection of the electronic portion of the return. However, alerts are important as they may contain information requiring the taxpayer or return preparer to submit additional documentation that would affect the processing of the return in the back-end accounting system. EROs should take this into consideration when purchasing software and should verify with the software company that they support Alerts.

Note: If your return is accepted with an Alert, do not resubmit.

An electronically filed return is not considered filed until the electronic portion of the tax return has been acknowledged by the NHDRA as Accepted for processing.

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

**Section 9.0 SCHEMAS/FILE LAYOUTS AND TRANSMISSION  
SPECIFICATIONS FOR SOFTWARE DEVELOPERS**

The NHDRA will use the Tax Implementation Group for E-commerce Requirements Standardization (TIGERS) standards for schemas. The TIGERS-approved schemas can be found in Appendix 1.

You must use the “XML” transmission format.

If you transmit your returns using the XML, format with “SOAP” (Simple Object Access Protocol) attachments, allow for binary attachments to the submission. You must use file extension .PDF to send attachments. Refer to IRS Publication 4163 for procedures to follow when sending more than one attachment.

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Other packaging guidelines:

- An electronic transmission must contain either a federal return or a state return.
- 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 the IRS, state agencies, transmitters, and software vendors. Each state return must include a copy of the federal return and any attachments associated with it.
- If the IRS rejects a federal/state submission, the state will not receive the state portion. You must then re-transmit the federal/state tax documents.
- Each submission must be in Zip archive format.
- The SOAP message itself must not be compressed or zipped.
- The transmission must contain a header, a body, and an attachment. See “Modernized E-File Logical ICD Model” for layout and transmission technical specifications.

## **Section 10.0 FEDERAL DATA REQUIREMENTS**

When applicable, a complete copy of the federal 1040, 1065, 1120, 1120S, or 1041 return and attachments as filed with the IRS must be provided in the New Hampshire submission.

Caution: The IRS rejects “linked” state submissions that fail to link to an “accepted” federal submission. New Hampshire never receives state submissions rejected by the IRS.