

**Modernized e-File Handbook
For Software Developers and Transmitters**

OREGON ESTATE AND TRUST SCHEMA – TAX YEAR 2018
(8-31-18)

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Section 1 - Introduction

The Oregon Department of Revenue (DOR), in conjunction with the Internal Revenue Service (IRS), will accept Oregon Fiduciary Income Tax (original and amended) returns and corresponding forms and schedules for tax years 2016, 2017, and 2018 by method of the Modernized e-File system (MeF). The beginning live date is subject to IRS availability and is subject to change.

This manual provides general information to software developers, transmitters, and tax practitioners about Oregon's Modernized Electronic Filing Program for Fiduciary Income Tax. While we attempt to answer all questions in this manual, we may have overlooked some. Whenever there is a difference between the schema annotation and our official instructions booklet, defer to the instructions booklet. Please use the contact information list in Section 3, if you have additional questions or need more information.

DOR will accept linked or unlinked return types. 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 DOR prior to submitting live returns.

The current schema version that Oregon uses for TY2018 filing is OREstateTrust2018v1.0. We expect this schema will be used for ATS testing. It is subject to change until final. The current TY2017 schema OREstateTrust2017v2.0 and the current TY2016 schema is OREstateTrust2016v1.0

Section 2 – What’s New?

Oregon will continue to use the State Exchange System (SES) as a secure website to post our schemas, letter of intent, ATS scenarios, and other important information.

Oregon does not currently offer e-File for the Oregon Estate Transfer tax program.

ATS Testing:

- ATS testing will continue through May 31, 2019, unless you have made other arrangements.
- Each ATS test scenario will have a requirement to provide an accurate paper Oregon tax return for the taxpayer copy of the e-filed return.
- Email the e-File coordinator at TrustEstate.ElectronicFiling@oregon.gov with the submission ID of any test that is ready to be scored. We will not score any submissions until the software developer has sent this email.

Form Changes:

- New:
 - Form 41, NOL period end date
- Updated:
 - Form 41, Line 18 – Oregon Surplus has been replaced with ‘Reserved’
 - Form 41 and Schedule P – updated line numbers for Schedules 1 and 2
- Deleted:
 - Form 41, Line 27 – kicker donation checkbox
 - Form 41, Line 28 – kicker donation amount
 - Form 41, Lines 31 – Column A and Column B
 - Form 41, Lines 33 – Column A and Column B
 - Schedule P, Lines 14 – Column A and Column B
 - Schedule P, Lines 16 – Column A and Column B

Enumeration Code changes:

- Added:
 - Carryforward credit 869 – Bovine Manure
 - Carryforward credit 871 – Opportunity Grant Fund (auction)
 - Subtraction 308 – Tuition and fees
 - Addition 165 – Opportunity Grant Fund
 - Addition 184 – Repatriated foreign income (ORS 316.737)
- Deleted:
 - Addition 102 – Domestic Production Activities deduction

Schema changes:

- See the schema changes document in the schema package for a complete list of changes.

New Business Rules: (see Appendix A for more detail)

No new business rules.

Legislative Updates:

General Law updates can be found in the 'What's new' section of the form booklets on DOR's draft website.

Section 3 – Contacts

Technical questions:

e-File Coordinator – Beth Buck

beth.a.buck@oregon.gov

e-Filing questions:

TrustEstate.ElectronicFiling@oregon.gov

Forms and schedules questions:

Forms Coordinator – Tammy Barz

tammy.s.barz@oregon.gov

Section 4 – Participation, Testing, and Approval

All participating software developers must:

- Submit a completed Application to Participate/Letter of Intent (LOI) every year to participate in Oregon’s Acceptance Testing
- Pass Oregon state vendor testing as specified in this publication
- ATS testing will continue through May 31, 2019, unless you have made other arrangements.
- Each ATS test scenario will have a requirement to provide an accurate paper Oregon tax return for the taxpayer copy of the e-filed return.
- Rebranded products are required to complete an abbreviated e-file ATS form approval process.

Official testing is scheduled to start November 5, 2018. The beginning test date is subject to IRS availability and is subject to change. Notification will be given if the start-date changes. The testing system will be available year round.

DOR will email test results. Software should not be moved to production until notified by email of approval.

Note: Oregon provides acknowledgments during ATS testing. The acknowledgment will only serve as a receipt of test material and will not constitute a passing grade on the test material. The acknowledgments during testing are meant to test the state and the software companies’ acknowledgment programming and processes.

Software developers may continue to submit test returns associated with the Estate and Fiduciary Schema Package after their software has been approved.

Email the e-File coordinator at TrustEstate.ElectronicFiling@oregon.gov with the submission ID of any test that is ready to be scored. We will not score any submissions unless the software developer has sent this email.

Section 5 – Developer’s Responsibilities

Developed software must:

- Adhere to all federal and state procedures, requirements, and specifications. These requirements are specified in IRS Publication 4164, Modernized e-File Guide for Software Developers and Transmitters.
- Be developed in accordance with statutory requirements and DOR return preparation instructions.
- Provide accurate Oregon tax returns in correct electronic format.
- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information.
- Include edits and verification based on the business rules and schema validation.
- Successfully complete all testing.
- Display a signature checkbox along with the following verbiage (also found in the annotation in the schemas):
 - ‘Under penalty of false swearing, I declare that the information in this return and any attachments is true, correct, and complete. I consent to my ERO, transmitter, and/or ISP sending the return, this declaration, and accompanying schedules and statements to the Oregon Department of Revenue. I also consent to the Oregon Department of Revenue sending my ERO, transmitter, and/or ISP an acknowledgment of receipt of transmission and an indication of whether or not the return is accepted or, if rejected, the reason(s) for the rejection.’
 - Oregon tax returns are ‘signed’ using a signature checkbox on the return. This is a taxpayer (authorized officer) signature.
 - Checking the box should be done by the client. The preparer may check the box prior to submission on behalf of the client if provided with a properly completed Form 8879-F, IRS *e-file* Signature Authorization for Form 1041.
- Display a Direct Debit Authorization checkbox with the following verbiage (also found in the annotation in the schema):
 - I, as signing officer, hereby authorize the Oregon Department of Revenue to debit either the [] Business Checking Account, [] Business Savings Account, [] Personal Checking Account, or [] Personal Savings Account and the financial institution named within the e-filed return upon initiation by the named entity in payment of Oregon taxes. I acknowledge that the origination of ACH transactions to the account must comply with the provisions of state and U.S. law. I and the Oregon Department

of Revenue agree to abide by all applicable ACH operating rules in effect from time to time.

Software developers must:

- Provide prompt notification to DOR of any software problems or programming changes made after ATS approval.
- Be available to correct any software errors and work with DOR to follow up on any processing issues that may arise during filing season. If software providers need to re-release corrected software it should be done in a timely manner and proper notification should be made to all customers.
- Comply with the laws and regulations restricting disclosure of any tax return information. Specifically, guidelines outlined in IRS Revenue Procedure 94-63 and 94-63A should be followed, as well as Oregon Revised Statutes (ORS) 305.230 and 314.840.

Section 6 – Acknowledgment System

DOR will generate an acknowledgment of acceptance or rejection for all returns received.

The Oregon acknowledgment is separate from the IRS acknowledgment. Receiving the IRS acknowledgment does not mean the state return was received or accepted by DOR. Oregon will receive the return after the IRS has accepted the federal return. DOR will not receive any data if the federal return is rejected by the IRS.

An acceptance acknowledgment indicates that DOR has received the return. It does not indicate the return is error-free or is not subject to examination by DOR.

Modernized e-File allows for acceptance acknowledgments with alerts. If an alert is received, the return is being processed by DOR, but there may be additional information that will be requested or additional time may be required to process the return.

A rejected acknowledgment indicates that the e-Filed return has been rejected and that it must be corrected and retransmitted. Oregon will honor a 10 day period for a return to be resubmitted if rejected for the current processing year. This mirrors the IRS transmission perfection period.

Section 7 – Schemas and Transmission Specifications

- Oregon adopted the TIGERS recommended structure in the development of forms-based schemas. The TIGERS structure adopted by Oregon includes standardized schemas for header, data, binary attachments, and financial transactions. Oregon offers part of the financial transactions for estates and trusts.
- Software developers should apply data from tax forms to the appropriate data element from the XML schema and all XML data must be well formed.
- Packaging of data and transmission payload must be in the proper format.
- Returns should be filed in XML format with binary attachments to the submission. These attachments could consist of balance sheets, statement records, or other types of documentation. Oregon only accepts PDF attachments, no other file types may be attached, and attachments must have the appropriate naming convention – when required by a business rule. The file order of attachments and procedures must follow the IRS requirements for binary attachments as found in IRS Publication 4164.
- *In general*, data elements should be sent only if they contain data values. It is not necessary to send empty data elements. For example, zero financial fields and unused elements should not be sent.
 - *However*, these elements do require a zero to be entered if the amount is \$0. Do not leave these elements blank in the Schedule ASC-FID: carryforward amount from prior year, carryforward amount awarded this year, and carryforward total used this year.
 - Only send carryforward codes that would have an amount in any of these elements - carryforward amount from prior year, carryforward amount awarded this year, and carryforward total used this year.
- The attribute StateSchemaVersion is fixed and will be updated if an updated schema is released.
- SubmissionType in the StateSubmissionManifest –
 - Form OR-41 – ‘41’
- SubmissionCategory in the StateSubmissionManifest – ESTRST
- In order to send a negative amount, a minus sign (-) must be in front of the dollar amount.

- Amounts must be rounded to the nearest dollar, unless otherwise specified.
- All Boolean types should be true/false.
- Payments (and the return submission) with an invalid routing number will be rejected. Please do not send payments with zero dollar amounts.
- The instance of a federal or state XML file cannot exceed 750MB compressed. The maximum size of an individual PDF file attached to the submission is 60 MB uncompressed. The maximum total submission package size, including all federal and state XML files and PDF attachments is 750MB compressed.
- Timeliness of filing and Timestamp - Oregon recognizes the IRS received date as the received date for the Oregon return. DOR looks at the ReceivedAtIRSTs that is found in the GetNewSubmissionsResponse XML to determine timeliness. We convert the timestamp to local (PST) time.

Section 8 – When to File a Federal Form 1041 or a Pro Forma Return

Full Year Resident –

- Taxpayers should use their Federal 1041 to complete the Form OR-41

Non Resident –

- Taxpayers should use their Pro Forma to complete the Form OR-41
- Taxpayers should attach a PDF of the Federal 1041, as filed with the IRS

Part Year Resident –

- Taxpayers e-File a Federal 1041, as filed with the IRS, to complete their Schedule P, and use the Pro Forma to complete the Form OR-41.
 - Taxpayers are required to attach a PDF of the Pro Forma used to complete the Form OR-41. If applicable, taxpayers should also include a PDF of the Schedule OR-ASC-FID.

Appendix A – 2018 Oregon Business Rules

Code	Severity	Error Message	PDF Naming Convention
0001	Reject	Schema Validation Violation	
0002	Reject	Return Type in State Header does not match Submission Type in State Manifest	
0003	Reject	Test return in production Test FEIN range is 110000001 – 110000700	
0004	Reject	Production FEIN in test Test FEIN range is 110000001 – 110000700	
0005	Reject	Invalid Routing Number	
0006	Reject	Submission from unapproved vendor	
0008	Alert	Non-PDF exists in attachments	
0009	Reject	Multiple IRS XML documents exist in submission	
0010	Reject	Duplicate IRS folder in submission	
0016	Reject	If OR income tax is withheld for Form OR-41 and is shown on a Form 1099 or W-2, then the Form 1099 or W-2 must be attached.	FIDwithholding.PDF
0017	Reject	You must include the Federal Form 1041 with your Form OR-41, unless you are a funeral trust, bankruptcy estate, exempt organization, or a nonresident filer.	
0018	Reject	You must include a PDF of your Pro Forma 1041 with your Schedule OR-SCH-P.	ProFormaFederalReturn.PDF
0019	Reject	Direct debit requested but the Financial Transaction is missing or direct debit is not requested and the Financial Transaction is sent.	
0020	Reject	Additional elements must be sent when the DiscussWithPaidPrepareInd is checked. Cause: If the ReturnHeaderState/DiscussWithPaidPrepareInd is checked, then these fields must also be sent: <ul style="list-style-type: none"> • ReturnHeaderState/PaidPreparerInformationGrp/SignatureDt • ReturnHeaderState/PaidPreparerInformationGrp/PreparerPersonName • ReturnHeaderState/PaidPreparerInformationGrp/PreparerUSAddress or 	

		<p>ReturnHeaderState/PaidPreparerInformationGrp/PreparerForeignAddress</p> <ul style="list-style-type: none"> • ReturnHeaderState/PaidPreparerInformationGrp/PhoneNum or ReturnHeaderState/PaidPreparerInformationGrp/ForeignPhoneNum • ReturnDataState/Form41/Footer/PreparerLicenseNumber <ul style="list-style-type: none"> ○ If the preparer is out of state and does not have an Oregon license, enter their state name. 	
0021	Reject	You must include a Schedule OR-ASC-FID if you claim either a standard credit, a carryforward credit, or a refundable credit on your Form OR-41.	
0022	Reject	<p>You must include a FID Reduced Tax Rate Schedule if there is an amount on the 'Reduced-tax rate amount and qualifying source' line.</p> <p>Reduced-tax rate amount and qualifying source line – ReturnDataState/Form41/Body/ReducedRateTax/ReducedRateTaxAmount</p> <p>Note – The FID Reduced Tax Rate Schedule should include an explanation of how the tax was computed.</p>	FIDReducedTaxRateSchedule.PDF

Additional PDF's may be titled as appropriate and included in the submission as needed.