South Carolina

Income Tax Letter of Intent

Tax Year 2020

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January 1, 2021

# 2020 Tax Software Provider SC Department of Revenue Letter of Intent

By submitting this Letter of Intent (LOI) to the South Carolina Department of Revenue, you are agreeing to meet our standards for software provider registration, all tax preparation software, and substitute forms.  Failure to meet the standards or requirements set forth 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.

You must complete a separate LOI 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.

**Form must be completed and submitted to Keith Wicker** [**Keith.Wicker@dor.sc.gov**](mailto:Keith.Wicker@dor.sc.gov) **no later than January 1, 2021.**

|  |  |  |  |
| --- | --- | --- | --- |
| Name of Company | Product Name | | State Software ID (if applicable) |
| DBA Name | NACTP Vendor ID | | State Tax Account Number (if applicable) |
| Address | Product Address/URL | | Company FEIN |
| City | State | | Zip Code |
| If you have more than one product name, list your other product names here: | | | |
|  | | | |
| 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 |
| Secondary Leads Reporting Contact | Phone | | Email Address |
|  |  | | |
| Test EFIN(s) | | Test ETIN(s) | |
| Production EFIN(s) | | Production ETIN(s) | |

## **Authorized access to the State Exchange System**

## Please provide information for the employees you are authorizing to have access to the State Exchange System. The tax type box should include all the tax types individuals are authorized to access.

**NOTE:** Even if the individuals are the same as what you’ve listed on the first page, please also include them here.

|  |  |  |
| --- | --- | --- |
| Company name | First and last name | Email address |
| Phone number | Authorized access  Forms E-file | Tax types |
| Company name | First and last name | Email address |
| Phone number | Authorized access  Forms E-file | Tax types |
| Company name | First and last name | Email address |
| Phone number | Authorized access  Forms E-file | Tax types |
| Company name | First and last name | Email address |
| Phone number | Authorized access  Forms E-file | Tax types |

Please attach additional sheet with authorized users if necessary. The list you provide must include the information requested in the table above.

## **Type of software product**

DIY/Consumer (Web-Based)

DIY/Consumer (Desktop)

Professional/Paid Preparer (Web-Based)

Professional/Paid Preparer (Desktop)

**Tax types supported**

Please check all that apply

Forms E-File

Individual Income Tax

Property Tax

Estate/Trust/Fiduciary Tax

Partnership Tax

Forms E-File

Corporate/Franchise Tax

S-Corporation Return

Insurance Premium Tax

Pass-Through Partnership/S-Corp

## **Rebranded software products**

**Complete this section only if your product is rebranded.**

In order for the software to be considered rebranded, changes cannot be made to the software requirements and output(s). As the Software company selling and/or licenses your product to a third-party, it is your responsibility to make sure the rebranded product reflects the current software requirements and output(s). Enter the appropriate class code for the rebranded product in class code box below.

* **Class Code 1:** Software products sold/licensed to a third-party user and the third-party user has the ability to add their own logos and/or splash screens. They cannot modify calculations in the program.
* **Class Code 2:** Software products sold/licensed to a third-party user and the third-party has the ability to alter/change calculations in the program.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Rebranded Product Name | Class Code | ETIN (if applicable) | Contact Person | Phone | Email Address |
| Rebranded Product Name | Class Code | ETIN (if applicable) | Contact Person | Phone | Email Address |
| Rebranded Product Name | Class Code | ETIN (if applicable) | Contact Person | Phone | Email Address |
| Rebranded Product Name | Class Code | ETIN (if applicable) | Contact Person | Phone | Email Address |
| Rebranded Product Name | Class Code | ETIN (if applicable) | Contact Person | Phone | Email Address |

Please attach additional sheets with rebranded software product information if necessary.

For Rebranded Products, the South Carolina Department of Revenue has the following requirements for e-file ATS approval:

* Rebranded Products [with class code 1] are not required to complete e-file ATS
* Rebranded Products [with class code 2] are required to complete an abbreviated e-file ATS/paper form approval process

## **Substitute forms registration**

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

|  |  |  |
| --- | --- | --- |
| SC DOR Substitute Form Vendor 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. | | |

## **Forms and schedules supported (check all that apply)**

Please indicate if the form is supported for e-file returns by checking the box by the corresponding form*.*

I–319 Tuition Tax Credit

I–385 Motor Fuel Income Tax Credit

I–335 Active Trade or Business Income

I–360 Classroom Teacher Expenses

SC1040TC South Carolina Tax Credit

TPOS (Taxes Paid Other State – Crosswalk)

SC4972 Lump Sum Distribution

Schedule AMD Amended Return Schedule

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Agency requirements**

This section identifies agency requirements expectations for communicating information to users of the software product.

# **Issue notification and resolution requirements**

This section represents the South Carolina Department of Revenue’s issue notification and issue resolution standards.

* SCDOR expects our industry partners to timely notify (within 48 hours of discovery) the agency of any software issues that may result in rejection of or adjustments to returns generated and electronically filed.
* SCDOR (at its discretion) will request software partners to notify impacted users/taxpayers of critical issues. Our experience is that users/taxpayers expect and more importantly appreciate notification from the software partner rather than first notification coming from the agency.
* SCDOR will request notification from software partner on resolution of the issue and a date of issuance of software update.
* On critical issues that may take longer to resolve by software partner, agency (at its discretion) may request a “trap” be implemented to stop the flow of erroneous returns from being transmitted.

# **Production return submission requirements**

# All returns generated from this software must be electronically filed or printed from the initially approved software or a subsequent product update.

# **Product update requirements** Users/customers of desktop products who attempt to file 10 or more business days after a production release, must be required to download and apply the product update.

# **Schema requirements**

# Your software must adhere to the schema requirements included in the authentication and return header. Agency schema information and requirements can be found at the FTA State Exchange System (SES).

# **Testing and submission requirements** All e-file ATS and substitute forms tests submitted during the approval process must be created in, and originate from, the actual software.

# **System security requirements**

# You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. This includes but is not limited to when it is on-line, off-line, at rest, and in transit. The South Carolina Department of Revenue does not prescribe the security requirements for your system. Cyber security resources such as the National Institute of Standards and Technology or the Department of Defense Security Technical Implementation Guide are examples of national resources available to assist you with this process.

## **Validation of specific data element requirements**

This section represents South Carolina Department of Revenue’s requirements for validation of specific data elements.

* State driver’s license data elements
* State withholding account numbers
* Bank Account Number for Direct Deposit refunds or Balance Due EFW payments

**Customer Communications**

This section identifies information South Carolina Department of Revenue is requiring the software providers to communicate with customers.

# **Disclosure and use of information language expectations**

The following consent language must be added to electronic filing software to notify the user.

**For Do-It-Yourself software:** *By using a computer system and software to prepare and transmit return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the South Carolina Department of Revenue, as applicable by law, and to the transmission of my tax return(s).*

**For Tax Professional software:**

*By using a computer system and software to prepare and transmit my client’s return electronically, I consent to the disclosure of all information pertaining to my use of the system and software to create my client’s return and to the electronic transmission of my client’s tax return to the South Carolina Department of Revenue, as applicable by law****.***

**For Business software:**

*By using a computer system and software to prepare and transmit this business return electronically, I consent to the disclosure of all information pertaining to the user of the system and software to create this business return and to the electronic transmission of this business tax return to the South Carolina Department of Revenue.*

## **Driver’s license/ID card expectations**

The South Carolina Department of Revenue is providing the following expectations and information:

**For e-file returns:**

The South Carolina Department of Revenue wants to receive the DL/ID card with the tax return

**For printed/paper forms requesting the DL/ID Card information:**

The South Carolina Department of Revenue requests the DL/ID card information on the form(s) be masked

The South Carolina Department of Revenue is providing a statement for the DL/ID Card. All Do It Yourself (DIY) and Tax Professional software packages should include this information in your software. The messages are expected to be displayed within the software in a way to maximize the likelihood the message is read.

“In an effort to protect against identity theft and combat tax fraud, state revenue agencies are requesting that filers provide certain information from their driver’s license or state-issued ID. Providing this information is encouraged, but optional and is not required to electronically file your South Carolina return.”

## **Promotion of Direct Deposit for Refunds**

The SCDOR, like many other states, is actively working to encourage electronic filing and payment options to increase efficiency, decrease costs, and reduce fraud. As a result, it is a requirement to present taxpayers with a direct deposit refund option as the default refund method. This applies for professional products as well as self-prepared consumer products for all taxes where the SCDOR supports direct deposit refunds, including Individual Income Tax and Corporate 1120 and 1120S returns.  We will not limit the direct deposit refund option presented to taxpayer-direct refunds. Therefore, it is possible to present other direct deposit refund options to the taxpayer as the first option. Examples include “refund anticipation loans” and prepaid debit card programs through your partners.

If taxpayers do not want a refund by a direct deposit method, they must choose to decline direct deposit.  After declining direct deposit, Individual Income Tax software must present the preparer or consumer with a debit card option. The software must require the user to decline a debit card option before showing a paper check option.

When you are promoting taxpayer-direct refunds, you are required to use the description in our 2020 Software Developer’s Guide.

## **Refund expectations**

The South Carolina Department of Revenue is providing a URL and/or a statement about refund processing. Industry partners must use this statement and/or URL or other method prescribed by the agency in all products. The messages must be shown to end-users within the software in a way to maximize the likelihood the message is read.

**Regarding refund expectations, SCDOR will provide additional info and guidance in our software developer’s guidelines document. That should be released in November.**

## **Taxes due expectations**

The South Carolina Department of Revenue is providing a URL and/or a statement about taxes due, such as due dates and payment methods. Industry partners must use this statement and/or URL or other method prescribed by the agency in all products. The messages must be shown to end-users within the software in a way to maximize the likelihood the message is read.

**Regarding taxes due expectations, SCDOR will provide additional info and guidance in our software developer’s guidelines document. That should be released in November.**

# **A****gency questions**

1. Do you support unlinked jurisdictional returns?
   1. Yes
   2. No
2. What refund products or payment vehicles do you offer your customers? If you partner with an entity to provide refunds, please provide the names and bank routing numbers (RTNs) of each company. Attach a separate sheet if necessary.
3. The South Carolina Department of Revenue wants to receive Taxes Paid to Other States (TPOS) data when applicable and has produced a TPOS South Carolina cross walk. SC DOR may not be a full TPOS state participant in 2021, but would utilize any data received to push for full implementation depending on accuracy and completeness of that data. If you do not plan to support for 2021, please share any thoughts or concerns you have in this space.

# **Acknowledgments and signature**

I agree to provide true, accurate, current, and complete information. By signing this agreement, my company agrees to all of the requirements listed in this document. The South Carolina Department of Revenue reserves the right to deny, suspend or terminate my company’s ability to submit returns.

|  |  |  |
| --- | --- | --- |
| AUTHORIZED REPRESENTATIVE PRINTED NAME | AUTHORIZED REPRESENTATIVE EMAIL ADDRESS | |
| AUTHORIZED REPRESENTATIVE SIGNATURE | AUTHORIZED REPRESENTATIVE PHONE NUMBER | DATE |

**Complete this signature line if this is an amended Letter of Intent**

|  |  |  |
| --- | --- | --- |
| AUTHORIZED REPRESENTATIVE SIGNATURE | AUTHORIZED REPRESENTATIVE PHONE NUMBER | AMENDED DATE |