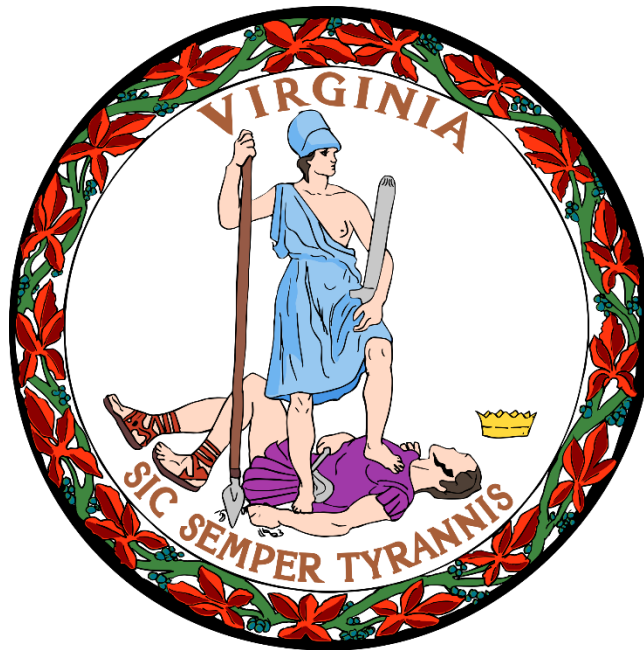


# Virginia Department of Taxation



## Fiduciary Business Rules

Tax Year 2020



## Virginia Fiduciary Business Rules – Change History

Revision Date	Section	Description
10/16/20	Tax Year 2020 Rules	Original Posting
10/16/20	770-060	If either Schedule 1 Line 2(a) ( <i>Fiduciary Share of VA Modifications – net addition</i> ) or Schedule 3 Part II Line 11 ( <i>Net VA Modifications</i> ) are greater than zero, they must equal each other.
10/16/20	770-070	If either Schedule 1 Line 2(b) ( <i>Fiduciary Share of VA Modifications – net subtraction</i> ) or Schedule 3 Part II Line 11 ( <i>Net VA Modifications</i> ) are greater than zero, they must equal each other.
10/16/20	770-210	Removed Coalfield Employment Enhancement Credit.
10/16/20	770-520	Add Form 1099-NEC
10/16/20	770-534	New Business Rule for an Amended Form 770 with Reason Code 02 to include Form 502FED-1
10/16/20	770-535	New Business Rule for an Amended Form 770 with Reason Code 30 to include an explanation.
10/16/20	770-560	Removed Coalfield Employment Enhancement Credit.
10/16/20	FIN-034	Reverted to old logic prior to COVID-19 Payment Date change.
10/16/20	FIN-035	Reverted to old logic prior to COVID-19 Payment Date change.
12/16/20	770-534	Removed rule ( <i>Form 502FED-1 must be present for an Amended Return with Reason Code 02.</i> ) to allow an Amended 770 with Reason Code 02 without the 502FED-1 XML. If your Software does not support the 502FED-1 in XML format, you can attach a PDF of the 502FED-1 for these scenarios.

## Appendix A – Fiduciary – Schema Validation Business Rules

Rule Number	Business Rules
<b>VAFORMS – 001</b>	The total count PDF files does not equal to the total count provided in schema header.
<b>VAFORMS – 002</b>	The PDF Files cannot be found in the submission.
<b>VAFORMS – 003</b>	The document ID could not be found in the submission.
<b>VAFORMS – 004</b>	Document does not pass the schema validation.

## Appendix B – Fiduciary – Business Rules

### Form 770

Rule Number	Business Rules
<b>770-010</b>	The Federal Fiduciary Form (federal Form 1041) must exist, except when the Exempt - Charitable Remainder Trust checkbox is populated.
<b>770-020</b>	If the Fiscal Year checkbox is populated, Tax Period Beginning Date and Ending Date are required.
<b>770-025</b>	Tax Period Beginning Date cannot be greater than Tax Period Ending Date.
<b>770-030</b>	When the Nonresident checkbox is marked then Schedule 1, Line 1 (Federal Taxable Income) must equal Schedule 2, Line 8 (Income taxable to fiduciary).
<b>770-040</b>	When Form 770, Schedule 1, Line 2FA is populated, it must equal Schedule 3, Part I, Line 3 (Fixed Date Conformity Additions).
<b>770-050</b>	When Form 770, Schedule 1, Line 2FS is populated, it must equal Schedule 3, Part II, Line 8 (Fixed Date Conformity Subtractions).
<b>770-060</b>	When Form 770, Schedule 1 Line 2(a) (Fiduciary Share of Virginia Modifications - net addition) is populated, it must equal Schedule 3, Part II, Line 11 (Net Virginia Modifications).
<b>770-070</b>	When Form 770, Schedule 1 Line 2(b) (Fiduciary Share of Virginia Modifications - net subtraction) is populated, it must equal Schedule 3, Part II, Line 11 (Net Virginia Modifications).
<b>770-075</b>	When Form 770, Schedule 1 Line 2(a) is populated, Line 3 (Virginia Taxable income of fiduciary) must equal Line 1 (Federal taxable income of estate or trust) plus Line 2a (Fiduciary's share of Virginia modifications - Net Addition).
<b>770-085</b>	When Form 770, Schedule 1 Line 2(b) is populated, Line 3 (Virginia Taxable income of fiduciary) must equal Line 1 (Federal taxable income of estate or trust) minus Line 2b (Fiduciary's share of Virginia modifications - Net Subtraction).
<b>770-090</b>	Form 770 Schedule 1, Line 4 (Compute tax on Virginia taxable income) must equal the amount of tax computed using the Tax Rate Schedule for the tax year being filed.
<b>770-100</b>	Form 770, Schedule 1, Line 5(d) (Credit for tax paid to another state) can not be greater than Schedule 4, Line 7(s) (Allowable credit).
<b>770-210</b>	Form 770, Schedule 1, Line 5 (Total payment and credits) must equal the sum of Lines 5(a) through 5(s).
<b>770-220</b>	If Form 770, Schedule 1, Line 4 (Tax) is greater than Line 5 (Total payments and credits) then Line 6 (Balance Due) must equal Line 4 (Tax) minus Line 5 (Total payments and credits).
<b>770-230</b>	If Form 770, Schedule 1, Line 5 (Total payment and credits) is greater than Line 4 (Tax) then Line 7 (Overpayment) must equal Line 5 (Total payments and credits) minus Line 4 (Tax).
<b>770-240</b>	Form 770 Schedule 1, Line 9 (Amount to be refunded) must equal Line 7 (Overpayment) minus Line 8 (Amount of overpayment to be Credited to estimated taxes) when Line 9 is populated.
<b>770-260</b>	Form 770, Schedule 2, Line 3 Column A must equal Line 1, Column A (Income from sources within Virginia) minus Line 2, Column A (Federal Deductions).
<b>770-270</b>	Form 770, Schedule 2, Line 3 Column B must equal Line 1, Column B (Income from sources within Virginia) minus Line 2, Column B (Federal Deductions).

**Form 770 (cont'd)**

<b>Rule Number</b>	<b>Business Rules</b>
<b>770-275</b>	Form 770, Schedule 2, Line 8 (Income taxable to fiduciary) must equal Line 6 (Fiduciary's share of VA source income) minus Line 7 (Exemption from federal Form 1041).
<b>770-280</b>	Form 770, Schedule 3, Part I, Line 5 (Total Additions) must equal the sum of Schedule 3, Part I, Lines 1 through 4.
<b>770-290</b>	Form 770, Schedule 3, Part II, Line 10 (Total Subtractions) must equal the sum of Schedule 3, Part II, Lines 6 through 9.
<b>770-300</b>	Form 770, Schedule 3, Part II, Line 11 (Net Virginia Modifications) must equal Part I, Line 5 (Total Additions) minus Part II, Line 10 (Total Subtractions).
<b>770-370</b>	When the Resident Checkbox is marked then Form 770, Schedule 4, Line 5 (Allowable percentage for credit) must equal Line 1 (Taxable income reported on the other state's fiduciary income tax return) divided by Line 2 (Virginia Taxable Income).
<b>770-380</b>	When the Nonresident Checkbox is marked then Form 770, Schedule 4, Line 5 (Allowable percentage for credit) must equal Line 2 (Virginia Taxable Income) divided by Line 1 (Taxable income reported on the other state's fiduciary income tax return).
<b>770-390</b>	When the Resident Checkbox is marked then Form 770, Schedule 4, Line 6 (% of Tax) must equal Line 4 (Virginia Income Tax) times Line 5 (Allowable percentage for credit).
<b>770-400</b>	When the Nonresident checkbox is marked then Form 770 Schedule 4, Line 6 (% of Tax) must equal Line 3 (Total income tax paid to another state) times Line 5 (Allowable percentage for credit).
<b>770-410</b>	When the Resident checkbox is marked then Form 770, Schedule 4, Line 7 (Allowable credit) must be the lesser amount of Line 3 (Total income tax paid to another state) or Line 6 (% of Tax).
<b>770-420</b>	When the Nonresident checkbox is marked then Form 770, Schedule 4, Line 7 (Allowable credit) must be the lesser amount of Line 4 (Virginia Income Tax) or Line 6 (% of Tax).
<b>770-425</b>	For a Nonresident return, when Schedule 4, Line 7 (Credit for Tax Paid to Another State) is claimed, only the following states are valid on Schedule 4 Line 3a: AZ, CA, DC or OR.
<b>770-520</b>	The total Virginia Income tax withheld on Form 770, Schedule 1, Line 5a must be equal to or less than the sum of Virginia State Withholdings on Form W-2, Form W-2G, Form 1099-R, Schedule VK-1, Form 1099-G, Form 1099-MISC, Form 1099-INT, Form 1099-DIV, Form 1099-Oid, Form 1099-K, Form 1099-B, and Form 1099-NEC.
<b>770-530</b>	FEIN/SSN cannot duplicate the FEIN/SSN of a previously accepted original return for the tax year being filed.
<b>770-535</b>	Explanation must be provided for an Amended Return with Reason Code 30.
<b>770-540</b>	Vendor ID must be a valid/approved ID.
<b>770-545</b>	The Number of Beneficiaries on Form 770 must equal the number of attached Virginia Beneficiary Schedule 5s.
<b>770-550</b>	Total Additions on Form 770, Schedule 5, Line 2e must equal the sum of Interest on obligations of other states Line 2a plus State and local income taxes Line 2b plus Fixed date conformity additions Line 2c plus Other additions Line 2d.
<b>770-555</b>	Total Subtractions on Form 770, Schedule 5, Line 3e must equal the sum of Income (Int./Div./Gains) - US Obligations Line 3a plus State tax refund Line 3b plus Fixed date conformity subtractions Line 3c plus Other subtractions Line 3d.
<b>770-560</b>	Total Credits on Form 770, Schedule 5, Line 5p must equal the sum of Lines 5(b) through 5(o).

**Financials**

<b>Rule Number</b>	<b>Business Rules</b>
<b>FIN-011</b>	State Payment identified as International ACH Transaction (IAT) is not eligible for e-File.
<b>FIN-034</b>	For timely filed returns, the Requested Payment Date must be on or before the original Return Due Date.
<b>FIN-035</b>	You cannot request a future payment date for returns submitted after the original due date. The Payment Date must be blank or the same as the return submitted date. Your payment will be processed within a day or two of processing your return.
<b>FIN-100</b>	The Requested Payment (Direct Debit) Amount cannot exceed the amount owed (Balance Due Line 6 plus Underestimated Tax Line 11) and must be greater than zero.
<b>FIN-105</b>	The Requested Payment Date cannot be before the Return Submit Date.