

2019 **VERMONT**

Handbook on Corporate Tax and  
Business Income Tax

Modernized e-File (MeF)

For 2018 TAX YEAR

Vermont Department of Taxes  
October 2018

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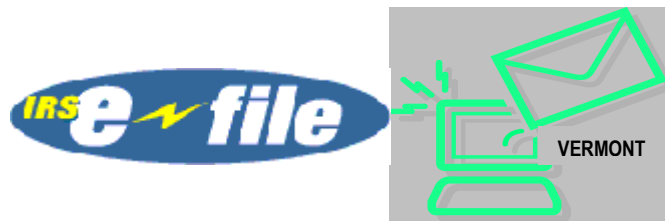
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## SECTION 1 Instructions for electronic Filing

### INTRODUCTION

Vermont's MeF electronic filing program follows the same rules and guidelines as the IRS electronic filing program specified in the IRS Publications 4164 and 4163. Returns for the IRS and Vermont can be transmitted to a single point (the IRS). The IRS will forward the Vermont returns to Vermont for processing. Vermont will return acknowledgments back to the IRS where they can be picked up by transmitters.

Vermont will begin accepting production Corporate and Business Income Tax Returns, corresponding forms and schedules beginning January 2019 for tax year 2018 by method of Modernized E-File System (MeF).



This handbook provides Preparers, EROs, Transmitters and Software Developers with necessary information to participate in the Modernized E-File Program and the list of Vermont forms that can be filed electronically. Items unique to Vermont will be identified and instructions provided.

Please use this handbook in conjunction with IRS Publication 4164 and IRS Publication 4163. The Vermont Department of Taxes conforms to all requirements, rules and regulations governing tax preparers set forth by the Internal Revenue Service.

COMPUTER TECHNICAL ASSISTANCE  
*Scott Kindestin, Fed/State E-Filing Coordinator*  
Vermont Department of Taxes  
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Phone: (802) 828-6881

**CONFIRMATION OF FILING INFORMATION**  
Phone: (802) 828-5723 (local or out-of-state)  
*Please allow up to 5 business days for full processing*

### WEB ADDRESSES

Vermont Department of Taxes <http://tax.vermont.gov/tax-professionals>

Internal Revenue Service <http://www.irs.gov/efile/>

## **SOFTWARE ACCEPTANCE AND PARTICIPATION**

Software Developers must test with and receive certification from Vermont for the transmission format before submitting live production returns. To receive final approval, the Software Developer must transmit all of the test returns in one single transmission, without any errors. A Software Developer who successfully completes the state testing process will receive written verification.

Software Developers must provide the following information to the Vermont Fed/State coordinator prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- E-mail alert is required to the Vermont Fed/State coordinator

## **PUBLICATIONS**

The following publications are available for your assistance:

- Publication 4163, Modernized e-File Information for Authorized IRS e-file Providers for Business Returns <http://www.irs.gov/pub/irs-pdf/p4163.pdf>
- Publication 4164, Modernized e-File Guide for Software Developers and Transmitters <http://www.irs.gov/pub/irs-pdf/p4164.pdf>
- 2019 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios

# CHANGES IN VERMONT CORPORATE and BUSINESS INCOME TAX FOR TAX YEAR 2018

\*\*\*For complete legislative highlights go to <http://tax.vermont.gov>

## FORM BI-471

Changed line 2b. Overpayment distributed to owners calculation line from (Enter the sum of all K-1VT's, Lines 5 and 6, minus Schedule BI-472, Line 16) to (Enter the sum of all K-1VT's Lines 5 and 6, minus Schedule BI-472, Line 19) due to change in the BI 472 NEW added Line 5. Use Tax for taxable items on which no sales tax was charged, including online purchases. All the existing lines renumbered.

## SCHEDULE BI-472

NEW Add lines:

Line 5. Net short term and long term capital gains. (Federal 1120S Schedule K, lines 7 and 8a. Federal 1065 Schedule K, lines 7 and 8). All the existing lines renumbered.

Line 6. Net section 1031 gain or loss. (Federal 1120S Schedule K, line 9 or Federal 1065 Schedule K line 10). Line 6 will also need a "check box" to indicate a loss.

Line 7. Other income or loss. (Federal 1120S Schedule K line 10 or Federal 1065 Schedule K line 11).

Line 7 will also need a "check box" to indicate a loss.

Line 16 Nonresident estimated payment requirement (Multiply Line 15 by 6.8%) becomes line 19 and changes to (Multiply Line 18 by **6.6%**) {Please note **change** in % }

## SCHEDULE BI-473

NEW Add lines:

Line 5. Net Short and Long Term Capital Gains (federal Form 1120S Schedule K, lines 7 and 8a, or federal Form 1065 Schedule K, lines 7 and 8)

Line 6. Net Section 1031 Gain or Loss (federal Form 1120S Schedule K. line 9, or federal Form 1065 Schedule K, line 10). Line 6 will need "check box" to indicate a loss.

Line 7. Other Income or Loss (federal Form 1120S Schedule K, line 10, or federal Form 1065 Schedule K, line 11). Line 7 will need "box" to indicate a loss. All existing lines renumbered.

Line 17 becomes line 20 and adds (*attach VT NOL statement in PDF format*)

Line 19 Composite Tax (Multiply Line 18 by 7.8%. If negative, enter 0) becomes line 21 and changes to (Multiply Line 21 by **7.6%**. If negative, enter 0) {Please note change in% }

## FORM BI-476

No changes.

## SCHEDULE K-1VT

No changes.

## SCHEDULE BA-402

No changes.

## FORM BA-403

No changes.

**SCHEDULE BA-404**

No changes

**SCHEDULE BA-406**

No changes.

**SCHEDULE BA-410**

No changes.

**FORM CO-411**

Line 4 (d) adds “Attach a copy of Federal Form 965 Transition Tax Statement, if applicable”

NEW Line 16 added “Use Tax for taxable items on which no sales tax was charged, including online purchases”. All existing lines renumbered

NEW Line 22 is added “Payment submitted with this return”. All existing lines renumbered

**SCHEDULE CO-419**

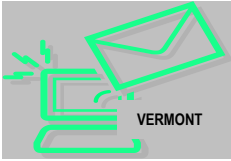
No changes.

**SCHEDULE CO-420**

No changes.

**SCHEDULE CO-421**

NEW Line 12 is added “Use Tax for taxable items on which no sales tax was charged, including online purchases”. All existing lines renumbered.



## **VERMONT ELECTRONIC FILING FORMS**

### **FORM 8879-VT-C**

EROs or transmitters keep Form 8879-VT-C in their file. Maintain Form 8879-VT-C with the supporting documentation for a minimum of three (3) years.

### **FORM 8453-VT**

The Department will use this form when requesting additional documentation for an electronically filed return. EROs or transmitters return the requested documentation using form 8453 as a cover sheet.

## **SECTION 2 The Filing Process**

### **WHAT CAN BE TRANSMITTED ELECTRONICALLY**

The Vermont electronic return will consist of data transmitted. An electronic return contains the same information as a comparable return filed entirely on paper.

Following is a list of all the XML forms that Vermont accepts electronically. Software Developers are not required to support all of the forms that Vermont accepts electronically. ERO's when purchasing software should verify with the software company that they will support the forms they desire to transmit electronically.

**NOTE:** If you receive a rejection notice for the Federal return, the state return does **not** get transmitted to Vermont. See page 12 for information on correcting a rejected transmission.

#### **Allowable Filings**

- Vermont filers with refund, zero balance, or balance due returns (including underpayment of estimated tax)
- Amended returns
- Extension to file Corporate and Business Income Tax Return
- Prior year returns *\*If software is certified in the prior year.*

**Forms and Schedules that can be electronically filed**

Form	BI-471	Business Income Tax Return
Schedules	BI-472	Non-Composite Schedule
	BI-473	Composite Schedule
	K1VT	Shareholder, Partner, or Member Information
	BA-402	Apportionment & Allocation Schedule
	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
	BA-406	Credit Allocation Schedule

Form	BI-476	Business Income Tax Return For Residents Only
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
	BA-406	Credit Allocation Schedule

Form	CO-411	Corporate Income Tax Return
Schedule	BA-410	Corporate Income Tax Affiliation Schedule
	BA-402	Apportionment & Allocation Schedule
	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
	BA-406	Credit Allocation Schedule
	CO-421	Unitary Affiliate Schedule
	CO-420	Foreign Dividend Factor Increments
	CO-419	Apportionment of Foreign Dividends

Form	BA-403	Extension to file Corporate or Business Income Tax Return
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**Forms that cannot be electronically filed**

The following forms/line items **will not be accepted** for electronic filing for the 2018 tax year.

- 1) Estimated payments
- 2) Payment Voucher's

Note: A Vermont return must be filed as "State Only" or by paper if the Federal return is prohibited from being filed through the Federal/State Electronic Filing program.

**Date Return Marked As Received** The acknowledgment date is considered the filing date for the Vermont return.

**EXPECTED VALUES FOR THE STATE SUBMISSION MANIFEST**

<u>Form</u>	<u>Submission Type</u>	<u>Expected Tax Year</u>
CO411	VTCO411	2018
BI471	VTBI471	2018
BI476	VTBI476	2018
BA403	VTBA403	2018



## ACKNOWLEDGMENT SYSTEM

### Filing Acknowledgments:

**IRS Acknowledgment** If data meets specifications and the transmission is accepted, IRS acknowledges receipt of the Federal data and Vermont data. If the electronic returns do not meet the IRS specifications, both the Federal and Vermont returns are rejected. IRS generates the error code(s). Refer to Federal Publication 4164 and 4163.

**Vermont Acknowledgment** Vermont uses the State acknowledgment system operated by the IRS. This system may be accessed either directly or through your software product. Please refer to the software instructions for information concerning accessing and retrieving state acknowledgments.

All rejections, questions or difficulties with the Vermont Acknowledgment go to the Vermont Department of Taxes.

Contact Scott Kindestin  
Vermont Department of Taxes  
Tel: 802-828-6881  
Email: scott.kindestin@vermont.gov

**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. The acknowledgment contains the x-path, 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. See page 12 for information on correcting a rejected transmission.

## SECTION 3 Other Situations

### GENERAL INFORMATION

Filing a tax return is the responsibility of the taxpayer. Filing returns electronically requires an agreement between the taxpayer and the ERO. The Vermont Fed/State coordinator is not a party to this agreement.

### REFUNDS

**Processing Time:** Generally 10 business days or less from date of Vermont acknowledgment.

#### Refunds as Payments:

Taxpayers may elect to apply all or a portion of the overpayment to be credited to the next tax year.

**Refund Delay:** Delays may occur when additional information is required to verify entries.

**Refund Status Tracer:** A taxpayer or ERO may inquire about the status of a refund by

Calling the Department (802) 828-5723 (local & out of state)

## BALANCE DUE RETURNS

Vermont returns with a balance due can be filed electronically. This includes underpayment of estimated tax. The return may be filed in advance of the due date without payment.

Payments made after the due date of the return will be assessed interest and late payment penalty.

### PAYMENTS

You can pay by

- **ACH Debit** Available when using the Vermont MeF E-File program. You can use this method to make a payment at the time of filing or to schedule payment at a later date. Payments made after the due date of the return will be assessed interest and late payment penalty.
- **CHECK or MONEY ORDER** To assure proper crediting of your payment, use the, BI470 if the payment is for a Business Income Return or use the CO422 if the payment is for a Corporate Return, generated by your software.

## BENEFITS OF ELECTRONIC FILING

### *Your clients benefit from electronic filing*

- Refunds are usually issued within 10 business days of the receipt acknowledgment date.
- Direct deposit of refunds into checking or savings accounts available only for electronically filed returns.
- One signature on the Form 8879-VT-C covers the signature requirements for all returns electronically filed.
- Returns with tax due may be filed electronically at any time during the tax season but payment is not required until the due date.
- ACH debit payment available with electronic filing. Clients can pay tax at the time of the filing or schedule a payment for a future date.

### *EROs benefits from electronic filing*

- Ability to file both Federal and Vermont returns at the same time.
- Ability to file just a Vermont return.
- Have IRS Electronic Filing Service Center and Vermont staff available to assist you.
- Use your existing tax preparation software as most offer electronic filing ability.
- Fewer errors - electronic filing software identifies and corrects many errors that slow down processing and delay refunds. Electronically filed returns have a 1.5% error rate instead of the 18% error rate for paper returns. (As reported by IRS)
- A filing receipt for proof of filing and to help track returns.
- Greater efficiency and productivity in filing returns.
- Reduced printing, copying and postage costs.
- Return copies can be stored on a computer disk to reduce your filing space needs.
- One signature on the Form 8879-VT-C covers the signature requirements for all VT returns electronically filed.

### ***Acknowledgment provided for each return filed***

Vermont uses the State acknowledgment system operated by the IRS. This system may be accessed either directly or through your software product. Please refer to the software instructions for information concerning accessing and retrieving state acknowledgments.

If you do not receive an acknowledgment from Vermont within 5 days of receiving the federal acknowledgment, contact the Vermont Fed/State coordinator.

### ***Security of information***

- Return information is encrypted for secure transmission of confidential information.
- Filing electronically improves your disaster recovery plan by allowing you to store return copies on computer disks off-site.

## **ELECTRONIC FILING CATEGORIES**

1. *Software Developers* create tax preparation and transmission software that formats electronic returns according to Vermont's electronic return specifications. The software and transmission data must be tested and certified by the Vermont Department of Taxes. To acquire Vermont State Acceptance Testing System information and letter of participation, contact the Vermont Fed/State filing coordinator.
2. *Electronic Return Originator (ERO)* is the tax preparer. The ERO prepares tax returns for electronic submission using tax preparation software approved by the Internal Revenue Service and the Vermont Department of Taxes. EROs may be the tax preparer who completes the return, or someone who transmits prepared returns. Check the Vermont Department of Taxes website for the date you can begin transmitting returns. **You do not need to send verification of IRS approval to begin filing with Vermont.**
3. *Transmitters* use approved software to transmit electronic returns directly to the Internal Revenue Service Center. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to use computer services.

## **SECTION 4 Responsibilities of EROs and Transmitters**

### **TIMELINESS OF FILING**

All prescribed due dates for filing of returns apply to MeF returns. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day.

All Authorized Vermont EROs must ensure that returns are promptly transmitted. An electronically filed return is not considered filed until a Vermont acceptance acknowledgment has been received. It is ERO's responsibility to check for acknowledgment and contact the Vermont Fed/State Coordinator if an acknowledgment is not produced within 48 hours during the week or 96 hours if filed on Friday, Saturday or Sunday. If the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, see page 12.

The receipt of an electronic postmark will provide taxpayers confidence that they have filed their return. The date of the electronic postmark is considered the date of filing. All requirements as well as

resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

## **AMENDED FILINGS**

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

## **RESUBMISSION OF REJECTED TAX RETURNS**

After an error acknowledgment is sent, Vermont monitors the timeliness of the correction. Revocation of privileges can be for erroneous returns or failure to provide a timely correction.

If an electronic acknowledgement has not been received within forty-eight (48) hours, or 96 hours if filed on Friday, Saturday or Sunday, the ERO should contact the Vermont Fed/State filing coordinator for further instructions. **It is the responsibility of the ERO to ensure that every return filed electronically is acknowledged as accepted.**

If Vermont rejects the return for processing, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours and provide the taxpayer with an explanation for the rejection. If the return is filed near or on the due date, the resubmitted return will be considered timely if the return is transmitted and accepted within 5 calendar days of the rejection.

If the electronic return cannot be corrected and retransmitted, the taxpayer must file a paper return. The paper return will be considered timely if it is filed by the due date of the return but no later than five calendar days after the date Vermont gives notification the return is rejected. The paper return should include an explanation of why the return is being filed after the due date and include a copy of the reject notification.

## **REQUIREMENTS TO PARTICIPATE**

Authorized Electronic Return Originators (EROs) can submit returns to the IRS MeF system for federal and state return processing. Both Fed/State and State Only returns can be submitted through the Fed/State system. Each return (Fed/State or State Only) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with Vermont and receive approval prior to submitting live Fed/State or State Only returns.

### **ERO and Transmitter**

#### ***IRS Requirements***

Please see [www.irs.gov/taxpros/providers](http://www.irs.gov/taxpros/providers) for information on the Federal application process. No separate Vermont state application is required.

***Application:*** Complete IRS Form 8633, Application to Participate in the Electronic Filing Program. Go to [www.irs.gov/taxpros/providers](http://www.irs.gov/taxpros/providers) to download Form 8633. The application period begins August 31 of each year and ends May 31 of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1 and December 1.

***Vermont Requirements:***

No separate Vermont state application is required. You are not required to test with Vermont, however you must use Vermont approved software.

1. Vermont Participants- Complete IRS Form 8633 and file with the IRS. No separate Vermont application is required. When you are accepted to participate in the IRS e-file program, do not send a copy of the Form 8633 to Vermont.
2. Out-of-State Participants- Complete IRS Form 8633 and file with the IRS. No separate Vermont application is required. When you are accepted to participate in the IRS e-file program, do not send a copy of the Form 8633 to Vermont.
3. Participants outside of the IRS Cincinnati, OH Service Center- Prior to filing Vermont forms, check with the IRS to ensure your filings will be accepted at Cincinnati, OH.

**FOR VERMONT RETURNS**

- Use only software approved for use in the Federal/State Electronic Filing Program and Vermont-approved software. **It is the sole responsibility of the ERO/Transmitter to ensure they are using the most current version of their software.**

\*\*The Vermont Department of Taxes posts a list of approved software and any limitations associated with the software at <http://tax.vermont.gov>

- Use the Vermont tax forms for tax year 2018.
- Use only whole dollars.
- Verify the correct name, address and FEIN of the business was used for the return and on Form 8879-VT-C.
- Obtain the taxpayer’s signature on Form 8879-VT-C **before** the return is transmitted.
- Obtain the signature of the paid preparer, or attach a copy of the Vermont forms signed by the paid preparer to Form 8879-VT-C. Please be sure to mark the copy attachment as “copy.”
- Do not transmit a return you suspect contains false information. Call (802)-828-2865 to report the situation.
- Ask the taxpayer if he or she wants to authorize you to discuss the return with the Department of Taxes and if yes, check the disclosure checkbox.
- Retain Vermont Form 8879-VT-C, with attachments, for three (3) years from the due date or the filing date, whichever is later. If the form is requested by the Vermont Department of Taxes, send the form and attachments within five (5) business days.
- Verify the bank account number if the taxpayer wishes to receive the refund through direct deposit.
- Verify the bank account number if the taxpayer wishes pay balance due through direct debit.

## **SECTION 5 Software Design Information**

Vermont participates in the IRS Federal/State 1120 and 1065 programs. This allows the filing of both federal and Vermont tax returns using an XML format. The transmission method will be a Web service using Simple Object Access Protocol (SOAP), with attachments messaging.

### **DEVELOPER'S RESPONSIBILITIES**

Software Developers should:

- Develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions.
- Provide accurate Vermont returns in correct electronic format for transmission.
- Develop software capable of producing a printed copy of the complete electronic filing which includes a ***“Do Not Mail”*** watermark on the printed forms. Note: Paper documents are not to be sent to Vermont when filing electronically unless the taxpayer is specifically requested to do so.
- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate or invalid return information.
- Prevent filing any form not approved for electronic filing by Vermont.

### **SOFTWARE ACCEPTANCE, TESTING AND APPROVAL**

Software Developers are required to test with Vermont for accuracy to ensure their software adheres to Vermont business rules, a successful transmission and receipt of acknowledgments. EROs must use tax preparation software that has been approved for use by Vermont.

Software Developers use Fed/State 1120/1065 MeF forms based schemas and the Vermont forms base schemas/spreadsheet.

Edits and verification of business rules are defined for each field or data element. The state spreadsheet will include information on the field type, field format, the business rule and other edits. Developers should apply data from the state spreadsheet and tax forms to the appropriate data element in the XML schema.

The Vermont MeF E-File ATS test package will consist of documentation of special test conditions as well as copies of the state test returns and will be made available to all Software Developers who indicate their intention to support Vermont MeF.

Vermont's starting test date is tentatively scheduled to begin in early November 2018 for tax year 2018 but is subject to IRS system availability.

Software Developers are required to fill out a Vermont Electronic Filing (MeF) Request for Participation letter before beginning to test. An email is required to alert the e-file coordinator before submitting the first test file. You will receive an email if there is anything wrong with your file within 48 hours after transmittal. If errors are found, you must resubmit the entire test package. A separate letter will be sent for an Online product and Preparer product. Once testing is completed you will receive a certification letter indicating you are approved for Vermont.

If the Software Developer is not acting as the ERO, the Software Developer is responsible for providing state acknowledgments to the ERO no later than two days after receipt. Failure to do so could lead to suspension from the Vermont Program.

Software errors which cause electronic returns to be rejected that surface after testing has been completed should be quickly corrected to ensure that the ERO has the ability to timely and accurately file its electronic returns. Software updates related to software errors should be distributed promptly to users together with any documentation needed.

## **GENERAL INFORMATION**

Vermont will accept the following types of filing:

- Fed/State Original
- State Only

Fed/State Original- The Vermont MeF program works best when the federal and state returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the IRS will validate and verify the federal return data. The IRS will either accept or reject the federal return. The state return is made available to Vermont after the federal return is accepted by the IRS.

State Only- IRS provides the ability for an ERO to transmit and retransmit a state return through the Fed/State system without simultaneously transmitting a federal return. State Only returns are transmitted to the IRS, validated and made available for states to retrieve in the same fashion as the Fed/State Transmission. This provides a method for individuals who file multiple state returns to have each participating state's return filed electronically. Each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a State Only return.

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc) unless that data element is required by Vermont's schema.

Detailed requirements for decimal placement in ratios and percentages are in the Vermont state-specific schema and /or data elements spreadsheet.

Software Developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal can be made from the taxpayers checking or savings account. Taxpayers can choose the date they want the amount owed withdrawn from their account. Partial payments can be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Vermont Fed/State filing coordinator. Therefore, any public communication that refers to a user's electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the user for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by the Vermont Fed/State filing coordinator.

Vermont will monitor the quality of transmissions. If the quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic

MeF returns. When suspended, the retrieval process will be inactivated halting further processing of MeF electronic returns.

Electronic filers and EROs are expected to place the Taxpayer first in providing return preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the Taxpayer must always have convenient access to their return. This includes but is not limited to, access to current status of the return and access to the organization representatives to resolve any questions or concerns.

## **PARTICIPATION DENIAL OR SUSPENSION**

Software Developers, Transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy in order to participate in the Vermont MeF E-file program.

All Software Developers and EROs must comply with the requirements and specifications contained in the Vermont MeF E-file Handbook. Failure to comply with all requirements and specifications could result in being suspended from the program.

Additionally, Vermont reserves the right to deny participation in its program for the reasons listed below:

- If your company fails to adhere to the state MeF E-file program requirements and schema.
- If your company does not consistently provide error free returns.
- If your company uses unethical practices in return preparation.

Denial or suspension of participation in the MeF Fed/State Electronic Filing Program may occur if standards are not met. Denial or suspension to file Federal returns automatically revokes your ability to electronically file Vermont returns.

For failure to meet Vermont standards, the Vermont Department of Taxes will send a letter of explanation.

## **NATURE OF APPROVAL**

Software Developers submit test cases for the primary purpose of assuring data transmissions are acceptable by Vermont. Approval by the Vermont Department of Taxes does not signify endorsement of any Software Developer program or the accuracy of the Software Developer program.



## **ADVERTISING AND PROGRAM LOGO**

You can show that you are authorized to transmit Federal and Vermont returns electronically by using this logo, subject to IRS restrictions, in your advertisements. ***Only the IRS-created electronic filing logo may be used.*** The IRS created this logo to give a consistent image to the program. Go to [www.irs.gov/taxpros/providers](http://www.irs.gov/taxpros/providers) under the IRS E-File Library for more information.



## **FORM 8879-VT-C INSTRUCTIONS**

Form 8879-VT-C, Vermont Corporate or Business Income Tax Declaration for Electronic Filing, authorizes the ERO to file on the taxpayer's behalf and serves as authentication of the return information. Form 8879-VT-C is to be kept on file for 3 years in the EROs or transmitters office.

Form 8879-VT-C must be:

- Completed for every taxpayer's electronically filed submission.
- Signed by the taxpayer before transmitting.
- Completed with information that matches the electronic record.

### **Part I Taxpayer Information**

Print the Business name, address and FEIN number. Verify that this information and the return information agree.

### **Part II Tax Return Information**

Enter the information from specified lines on the return. Use whole dollars only.

### **Part III Direct Deposit of Refund/ ACH Debit Payment**

Enter routing transit number (RTN ) of the bank or financial institution. The RTN must contain nine numbers. If the RTN does not begin with 01 through 12 or 21 through 32 the direct deposit request will be rejected. Enter the depositor account number (DAN). The DAN can contain up to 17 characters (both numbers and letters). Check the appropriate box for account type.

### **Part IV Declaration of Taxpayer**

The taxpayer must read the declaration before signing. The taxpayer is verifying that the information in Part II matches the information on the return.

### **Part V Declaration of Electronic Return Originator (ERO)**

The ERO must read the declaration before signing and supply the business information requested in the signature block.

Note: If the paid preparer is not available to sign Form 8879-VT-C, a copy of the completed Vermont return(s) signed by the paid preparer must be attached. Mark these returns as "COPY" and enter the business information in the paid preparer section.

### **Part VI Declaration of Paid Preparer**

The paid preparer must read the declaration before signing. The paid preparer then signs and dates the completed Form 8879-VT-C and supplies the business information in the paid preparer section.

### **Attachments to Form 8879-VT-C**

- Any other documentation needed to support return preparation

## **SECTION 6 Questions**

### **FREQUENTLY ASKED QUESTIONS**

***I am an out-of-state ERO/Transmitter, do I need to pre-register with Vermont before sending Fed/State Returns?***

No. Vermont Department of Taxes does not require out-of-state EROs/Transmitters to register before transmission. However, each ERO/Transmitter is responsible for making sure they are using a Vermont certified software that has been tested and approved by the Department and is registered with the IRS to electronically file returns.

***What do I keep on file for Fed/State E-File returns?***

Complete Form 8879-VT-C, Vermont Corporate or Business Income Declaration for Electronic Filing, Vermont forms or schedules.

***Do I send anything to the Vermont Department of Taxes for Fed/State E-File returns?***

Do NOT send anything. Keep the returns and supporting documents on file should the Department request copies.

***Can I attach PDF's to the Vermont Department of Taxes for Fed/State E-File returns?***

There is no requirement to send additional information in this manner, however you may attach PDF files as you deem necessary. Though there is no defined size limit, keeping attachments as small as possible will help ensure successful transmission of returns. If the Department needs additional supporting documents, they may also request them in writing.

***Does the Department ask for paper documents for e-filed returns?***

Occasionally, the Department needs a source document to complete return examination. If needed, the Department will make a request for a specific document. Do NOT send in any documents if not requested.

***How do you pay a tax due for electronically filed returns?***

Tax due must be paid by the due date to avoid interest and penalty charges.

You can pay the tax by

- ACH DEBIT when filing through the Vermont MeF E-File program.
- CHECK or MONEY ORDER assure proper crediting of your payment, use the, BI470 if the payment is for a Business Income Return or use the CO422 if the payment is for a Corporate Return, generated by your software.

***What do you do when the electronically filed return is rejected?***

First, be vigilant on checking the acknowledgment system for acceptance or rejection of the return. Remember that if the Federal return is rejected, the Vermont return will not be transmitted even if there is nothing wrong with the Vermont return.

Next, determine the rejection reason. If the cause of rejection can be corrected, do so and resubmit the return. In some instances, this may be a “STATE ONLY” return.

If you e-filed the return close to or on the due date, you have five calendar days to correct the cause of rejection and resubmit the return to be considered a timely filing.

For paper filing of the rejected return, it will be considered timely if received within five calendar days of the due date. Consideration on a case-by-case basis may be given to allow timely filing for a rejected e-filed return based on the days between rejection and receipt of the return.