



Handbook on Corporate & Business Income Tax
Modernized e-File (MeF) for Tax Year 2022

November 2022

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SECTION 1 General Information

Vermont's MeF electronic filing program follows the same rules and guidelines as the IRS electronic filing program specified in the IRS Publications 4163 and 4164. 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 2022 production Corporate and Business Income Tax Returns through the Modernized E-File System (MeF) when the IRS opens for the season. ATS testing for 2023 **FORM CO-414** submissions will begin after 01/01/2023.



This handbook provides preparers, EROs, transmitters and software developers with the information necessary to participate in the Modernized E-File Program and the list of Vermont forms that can be filed electronically. Items unique to Vermont are identified and instructions have been provided.

Please use this handbook in conjunction with IRS Publications 4163 and 4164. 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

MeF Coordination Team
Vermont Department of Taxes
Email: tax.vendorsupport@vermont.gov

CONFIRMATION OF FILING INFORMATION

Web: <https://myvtax.vermont.gov>
*Please allow up to 2 weeks for MeF filings and
8 weeks for paper filings to be fully processed*

WEB ADDRESSES

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

Internal Revenue Service www.irs.gov/e-file-providers/efile-for-tax-professionals

Software Acceptance and Participation

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. For information about Vermont's State Acceptance Testing System, please contact Vermont's MeF coordinator.

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. An ERO may be the tax preparer who completes the return, or someone who transmits prepared returns.

Transmitters use approved software to transmit electronic returns directly to the Internal Revenue Service Center and the Vermont Department of Taxes. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to electronically file their returns.

Software developers must test with and receive certification from Vermont for their transmission format before submitting live production returns. In order to receive final approval, Software Developers must transmit all test returns in one single transmission, without any errors. Software developers who successfully complete the state testing process will receive written verification by email from the Department.

Software developers must provide the following to the Vermont MeF coordinator prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- Completed Letter of Intent found on the State Exchange System
- E-mail alert sent to Vermont's MeF Coordination Team at tax.vendorsupport@vermont.gov to signify transmittal of test package.
(Please include your four-digit industry identification number as well as the name of software needs to be listed in the email subject line.)

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

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>
- 2022 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios

SECTION 2 Filing Information

The Vermont electronic return will consist of data transmitted as well as supporting PDF documents. The electronic return must contain the same information as the paper copies of the return.

Accepted Filings

- Vermont filers with a refund, zero balance, or balance due (including underpayment of estimated tax)
- Amended returns
- Extension to file Corporate/Business Income Tax Return
- Estimated Corporate Income Tax payments – Vermont quarterly estimated payments can be scheduled at the time of filing for all four due dates.
- Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members– Vermont quarterly estimated nonresident payments can be scheduled at the time of filing for all four due dates.
- Prior year returns **If software is certified in the prior year.*

Due Dates for Corporate and Business Tax Returns

Form BI-471

Returns are due on the date prescribed for filing under the Internal Revenue Code. For calendar year filers, this date will generally be March 15, 2023. For fiscal year filers, the return is due the 15th day of the third month following the end of the fiscal year. The payment of the annual entity tax of \$250 and any additional tax including required nonresident estimated payments or composite tax is due on or before the original due date of the return.

Form CO-411

Returns are due on the date prescribed for filing under the Internal Revenue Code. For calendar year filers, this date will generally be April 15, 2023. For fiscal year filers, the return is due the 15th day of the fourth month following the end of the fiscal year. The Vermont extended due date is 30 days beyond the federal extended due date. Corporations needing a Vermont extension should file Form BA-403 by the original due date and mark the “Extended Return” box in Part A when filing their CO-411.

The following is a list of all the XML forms that Vermont accepts electronically. Software developers are not required to support all forms that Vermont accepts electronically. ERO’s, when

purchasing software, should verify the software company will support the forms they want to transmit electronically.

Forms and Schedules that can be electronically filed

Form	BI-471	Business Income Tax Return
Schedule	BI-472	Non-Composite Schedule
Schedule	BI-473	Composite Schedule
Schedule	K-1VT	Shareholder, Partner, or Member Information
Schedule	BA-402	Apportionment & Allocation Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
Form	BI-476	Business Income Tax Return for Residents Only
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Form	CO-411	Corporate Income Tax Return
Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
Schedule	BA-402	Apportionment & Allocation Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Schedule	CO-419	Apportionment of Foreign Dividends
Schedule	CO-420	Foreign Dividend Factor Increments
Schedule	CO-421	Unitary Affiliate Schedule
Form	BA-403	Extension of Time to File Corporate/Business Income Tax Returns
Form	CO-414	Corporate Estimated Tax Payment Voucher
Form	WH-435	Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members

The following forms **will not be accepted** for electronic filing for the 2022 tax year.

Form BI-470 – Business Income

Form CO-422 – Corporate Income

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.

NOTE: If you receive a rejection notice for the federal return, the state return will **not** be transmitted to Vermont. See page 16 for information on correcting a rejected transmission.

Expected Values for the State Submission Manifest

<u>Form</u>	<u>Submission Type</u>	<u>Expected Tax Year</u>
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CO411	VTCO411	2022
BI471	VTBI471	2022
BI476	VTBI476	2022
BA403	VTBA403	2022
CO414	VTCO414	2023
WH435	VTWH435	2023

Acknowledgment System

Filing Acknowledgments:

IRS Acknowledgment – If the data meets specifications and the transmission is accepted, the 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. The IRS generates the error code(s). Refer to Federal Publication 4163 and 4164.

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.

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

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 prior to resending the return as a “State-Only” transmission. See page 16 for information on correcting a rejected transmission.

The acknowledgment date is considered the filing date for the Vermont return

If an acknowledgment from Vermont is not received within five days of the federal acknowledgment, contact Vermont’s MeF Coordinator. All rejections, questions or difficulties with the Vermont Acknowledgment should be sent to the Vermont Department of Taxes.

Contact
Vermont Department of Taxes
Email: tax.vendorsupport@vermont.gov

Security of information

- Return information is encrypted for secure transmission of confidential information.
- Filing electronically improves a disaster recovery plan by allowing the storage of return copies on computer disks off-site.

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

Vermont Mandates

The Commissioner of Taxes has mandated the electronic filing of Vermont Corporate Income, Business Income, and Fiduciary Income Taxes beginning with the 2015 tax year, effective Jan. 1, 2016. This mandate applies to tax practitioners who prepare more than 25 tax returns per year. The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.

Composite filing requirement - Starting with tax year 2013, composite filing is mandatory for entities that have more than 50 nonresidents of Vermont shareholders, partners, or members. Starting with tax year 2014, entities filing composite returns must include all nonresidents of Vermont shareholders, partners, or members in the composite filing. 32 V.S.A. §5914(b) & 32 V.S.A. §5920(b)

Refunds

The annual interest rate for overpayment of tax for 2023 will be 4.0%. The Department of Taxes will pay interest on refunds issued more than 90 days after the due date, including extensions.

Carryforwards

Taxpayers may elect to apply all or a portion of the income tax refund towards their 2023 Corporate or Business estimated income taxes.

Refund Delays

Delays may occur when additional information is required for the Department to verify entries on the return.

Refund Status A taxpayer or ERO may inquire about the status of a refund by calling the Corporate and Business Section at (802) 828-5723 (local & out of state) or by email at tax.corporate@vermont.gov

Balance Due Returns

Vermont returns with a balance due can be filed electronically. This includes the underpayment of estimated income tax. The return may be filed in advance of the due date without the payment. Payments made after the return's due date will be assessed interest and late payment penalty.

Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

Accepted Payment Methods

ACH Debit Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

myVTAX Taxpayers can pay their tax due online using myVTax, the Departments online filing site. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

Check or Money Order Taxpayers who wish to pay by check or money order should use **Form BI-470** if the payment is for a Business Income Return or **Form CO-422** if the payment is for a Corporate Income Tax Return. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

2022 VERMONT CORPORATE And BUSINESS INCOME TAX CHANGES

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

FORM BI-471

Form changes to include:

- Pro Forma check box added for cannabis

Instruction changes to include:

- Late Filing language
 - Reasonable cause is only listed in our statutes for the \$50 late fee

SCHEDULE BI-472

No changes

SCHEDULE BI-473

No changes

FORM BI-476

No changes

SCHEDULE K-1VT

Instruction Changes to include:

- Line 8: Estates, trusts, and corporations are required to perform an add-back of certain state and local income and franchise taxes, including pass through entity taxes, deducted. Indicate here the portion of the Vermont apportionable income (which would otherwise have been included in Line 1 of the K-1VT if not for the deduction) that is attributable to state and local income taxes deducted on the federal return. Unlike bonus depreciation, which is required to be a part of the apportionable tax base and will be included in the calculations for Line 1 of the K-1VT, this item will be calculated by taking the SALT deduction on the federal return, applying the Vermont apportionment rate, then separately stating the pro-rata share of that deduction per K-1VT recipient on Line 8.

SCHEDULE BA-402

Instruction Changes to include:

- Line 11 Changed from: “If your entry on Line 11 differs from the amount reported on your federal return, then you MUST include a reconciliation and explanation for the difference.”
- New language: Supporting detail for calculation of "Other Business Income" included on Line 11a and 11b. Schedules sent that re-state "Other" or "Miscellaneous" Income with no further detail may be considered incomplete or insufficient.
- Review Regulation 1.5833-1 Allocation and Apportionment of Income language to:
 - "Review Regulation §1.5833, Allocation and Apportionment of Vermont Net Income by Corporations. A copy of this regulation is available of the Department of Taxes website at <https://tax.vermont.gov/document/allocation-and-apportionment-regulation>. Please note that the Department has issued new regulations effective December 1, 2021. The Department considers the regulations under §1.5833 to also be applicable when defining Vermont business income from multi-state businesses passed through to individuals, estates, and trusts under §5823. As such, except as otherwise provided in statute, preparers may appropriately rely on these regulations when computing a BA-402 for a pass-through entity.
- Change Part 1 Header From "Directly allocated non-business income, foreign dividends, and other non-apportionable income
To "Directly allocated non-business income, other non-apportionable income, and Foreign Dividends"
- Line 9- remove portion of last sentence stating “if they are for the use of patents or copyrights in Vermont. Replace with: "Royalties are apportioned to Vermont on a market-based sourcing basis."
- Line 13 – Remove line “The entity may allocate based on the office or business location with which the employee is associated unless this method fails to properly reflect the business conducted in Vermont.”
- Section C: Property Factor instructions added:
 - "Except as otherwise provided in the regulations, Intangible Property should not be included in the property factor.

FORM BA-403

No changes

SCHEDULE BA-404

No changes

SCHEDULE BA-406

No changes

SCHEDULE BA-410

No Changes

FORM CO-411

Form changes to include:

- Pro forma check box added for cannabis

Instruction Changes to include:

- Add new paragraph to line 1 under “For a Combined Report”
 - Foreign Income: Subpart F income reported by a parent on a federal consolidated return is a taxable element of combined net income under § 1.5862(d)-7(f). Foreign income reported by a parent may not be blocked from Vermont income by another foreign corporation, including a domestic corporation that meets the 80/20 test. Taxpayers should balance to the amounts of foreign income reported on the federal consolidated return actually filed with the IRS to be in compliance with our unitary combined net income statutes and regulations.
 - Generally, Vermont decouples from the IRC §243 deduction when considering dividends paid by entities that are not members of the combined group. This results in dividends received by the combined group from outside members being a part of taxable combined net income. (See Reg. §1.5862(d)-7(e)(4)). Please ensure that the group's elimination schedule and "dividends from affiliates" deduction have been appropriately modified when computing Line 1. Include additional schedules detailing the dividend payor, amount, and dividend recipient if claiming a dividends received deduction on the Vermont group return. Special considerations: Vermont considers REIT dividends to be taxable when received regardless of the REIT's inclusion as a member of the unitary group.
 - Please provide a reconciliation from the Federally filed form to the VT proforma being filed.
- Add to Line 4(f)
 - Schedule C, Line 15 to the extent this income has been included in Vermont combined income declared in Line 1 of the CO-411.
- Add to line 4(d)
 - Enter the total amount of net income included on federal Form 1120, Schedule C, Lines 14, 16(b), 16(c), 17, 19, and 22 as filed with the IRS. (The Section 250 deduction should reduce the foreign dividends deduction on the Vermont return, as it reduces the total amount of foreign income included in Line 1 of the CO-411.) Parents that file a consolidated federal return with the IRS should generally balance to the foreign income amounts on the consolidated Schedule C in the same manner as instructed on Line 1.
 - Correct spelling of the word “dividends”

SCHEDULE CO-419

No Changes

SCHEDULE CO-420

No Changes

SCHEDULE CO-421

SCHEDULE CO-422

Instruction changes to include:

- Address Change to:
133 State Street
Montpelier VT 05633

FORM CO-414

No Changes

FORM WH-435

Instruction changes to include:

- "Do not make catch-up payments after the original due date for the entity return." to "Catch-up payments made after the original due date for the entity return will be subject to late payment penalties and interest. Late payment penalties and interest are separate and apart from underpayment penalties and interest and their accrual generally begins when the accrual period for underpayment penalties and interest ends."

FORM 8879-VT-C

Beginning in tax year 2022, Form 8879-VT-C is optional for tax professionals when IRS Form 8879 is completed. EROs or transmitters keep Form 8879-VT-C in their file. Maintain Form 8879-VT-C with the supporting documentation for a minimum three years.

SECTION 3 Information for Software Developers

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.

Software developers are required to develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions. The software must provide accurate Vermont income tax returns in the correct electronic format for transmission. The software must be capable of producing a printed copy of the complete electronic filing which includes a ***“Do Not Mail”*** watermark on the printed forms.

Software developers must provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate or invalid return information. Developers should prevent the filing of any form not approved by Vermont for electronic filing.

Software Acceptance, Testing and Approval

Software developers are required to fill out a Vermont Electronic Filing Request for Participation letter before beginning to test. An email is required to alert the MeF 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 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.

The Vermont MeF 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 2022 for tax year 2022 but is subject to IRS system availability.

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.

Vermont will accept the following types of filing:

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.

Software developers use Fed/State 1120/1120S/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.

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 may 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 may be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Vermont MeF 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 Vermont's MeF 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 Vermont's MeF program.

All Software developers and EROs must comply with the requirements and specifications contained in the Vermont MeF 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 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 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.

The Department will send a letter of explanation if a denial or suspension of participation is issued for the failure to meet Vermont's standards.

Nature of Approval

Software Developers submit test cases for the primary purpose of assuring data transmissions are acceptable to 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 may 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/e-file-providers/efile-for-tax-professionals to under the IRS E-File Library for more information.

SECTION 4 Information for EROs and Transmitters

Requirements to Participate

IRS Requirements:

Please visit www.irs.gov/e-file-providers/efile-for-tax-professionals for information on completing **IRS Form 8633 - Application to Participate in the Electronic Filing Program**. The application period begins August 31st of each year and ends May 31st of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1st and December 1st.

Vermont Requirements:

A separate Vermont state application is not required. You do not need to send a copy of your acceptance letter or IRS Form 8633 to the Department. You are not required to test with Vermont, however, you must use Vermont approved software

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.

Timeliness of Filings

All scheduled due dates for filing of returns apply to MeF returns. If any due date falls on a weekend 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 MeF 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 16.

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 addressing the correction. Revocation of privileges may result from filing erroneous returns or the failure to provide a timely correction.

If an electronic acknowledgement has not been received within 48 hours, or 96 hours if filed on Friday, Saturday or Sunday, the ERO should contact Vermont's MeF 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 by the due date, the resubmitted return will be considered timely if the return is transmitted and accepted within five 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.

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 2022 Vermont Corporate/Business Income Tax forms.
- Use only whole dollars.
- Do not transmit a return you suspect contains false information. Call the Taxpayer Service Division's fraud coordinator at (802)-828-2865 to report the situation.
- Ask the taxpayer if they want to authorize you to discuss the return with the Department of Taxes and if yes, check the disclosure checkbox.
- Verify the routing number and bank account number if the taxpayer wishes to receive their refund through direct deposit.
- Verify the routing bank account number if the taxpayer wishes to pay their balance due through ACH debit.

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. **Beginning in tax year 2022, Form 8879-VT-C is optional for tax professionals when IRS Form 8879 is completed.** Form 8879-VT-C should be kept on file for three years in the EROs or transmitters office.

Form 8879-VT-C must be:

- Completed for every electronically filed "state only" 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 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 the 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 provide 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 signs and dates the completed Form 8879-VT-C and provides the business information in the paid preparer section.

Attachments to Form 8879-VT-C

- Any other documentation needed to support return preparation

SECTION 6 Frequently Asked Questions

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

No. The Vermont Department of Taxes does not require out-of-state EROs/Transmitters to register before transmission. However, the ERO/Transmitter is responsible for ensuring that the software used has been approved and certified by the Department and the IRS.

What do I keep on file for MeF electronically filed returns?

- You should keep a complete copy of the return including any supporting documentation and Form 8879-VT -C - Vermont Corporate or Business Income Declaration for Electronic Filing

Do I send paper documentation to the Department for MeF returns?

No. Please do not send any paper documentation to the Department unless requested to do so. You should keep copies of the returns and supporting documents on file.

Can I attach PDFs to the Vermont Department of Taxes for Fed/State E-File returns?

Yes. There is no requirement to send additional information, however you may attach PDF files you deem necessary. Although there is no defined size limit, keeping attachments as small as possible will help ensure the successful transmission of returns.

Does the Department ask for paper documentation for e-filed returns?

Occasionally, the Department will request a source document to complete the examination of a return. The Department will make this request in writing.

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

All tax due to Vermont for tax year 2022 must be paid by April 18, 2023, to avoid interest and penalty charges.

Please Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

The tax due can be paid by:

ACH DEBIT when filing through Vermont’s MeF program. Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

myVTax go to <http://mytax.vermont.gov> for further information and to access the system. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

Check or Money Order Taxpayers who wish to pay by check or money order should use **Form BI-470** if the payment is for a Business Income Return or **Form CO-422** if the payment is for a Corporate Income Tax Return. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

What do you do when an electronically filed return is rejected?

First, check the acknowledgment system for the acceptance or rejection of the return. If the federal return is rejected, the Vermont return will not be transmitted to Vermont even if there are no errors on the Vermont return.

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

If the return is e-filed on or near the due date, five calendar days are allowed to correct the cause of rejection and resubmit the return to be considered a timely filing.

For the paper filing of a 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 additional time for filing for a paper return due to a rejected e-filed return.