

24 State House Station
Augusta, ME 04333-0024

ERO Handbook for Electronic Filers of Maine Individual Income Tax Returns

**For the new Modernized e-file (MeF) and
the current Legacy (Electronic Filing)**

Tax Year 2011

****Final: January 10, 2012****

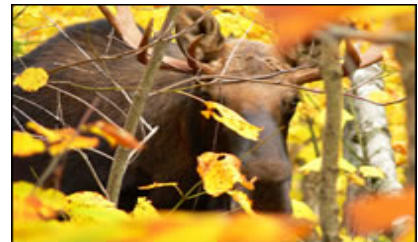


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Introduction

Maine is now entering the third year of transition from an Independent e-File state to participating in the Federal Modernized e-File (MeF) program. The Federal / State MeF program is a cooperative effort between the Internal Revenue Service (IRS) and participating state revenue departments. MeF provides electronic filing and payment options for individual income tax as well as corporate tax to taxpayers and tax practitioners.

During this transition period, Maine will support the current e-file program as well as MeF. The tax preparer's software will determine which method of transmission will be used based on the type of return filed.

Maine will be providing electronic filing and payment options for corporate tax. Information relating to corporate tax will be published in a separate ERO handbook.

Modernized e-File will not change the way tax preparers transmit returns. Tax preparers may not even be aware the return was transmitted as a MeF return, other than the receipt of a rapid IRS acknowledgement. In most cases, returns are sent to a transmitter who then sends them to the IRS. Tax preparers should discuss MeF with their software provider to find out specifically what the provider is offering.

2011 will be the third year Maine has supported MeF, with development in 2009, processing returns for the entire 2010 filing season, and full support for the upcoming 2011 tax season.

This publication provides details of individual income tax filing for both the existing E-file system as well as the MeF program and is intended for software developers, transmitters, and ERO's.

To develop software for use with the MeF system, software developers should use this publication along with Maine XML schema and business rules in appendix A and B. They can also be found at www.maine.gov/revenue/developers or by contacting the MeF / E-File Help Desk at efile.helpdesk@maine.gov.

Maine conforms to all requirements, rules, and regulations governing tax preparers set forth by the Internal Revenue Service for the Modernized E-File program. Information found in this publication is subject to change.

Maine Contact Information

Any question relating to electronic filing problems or communications with the network including establishing communications with the network should be referred to the Maine E-file Help Desk. Please use only the below contact information rather than contacting

E-File personnel at their personal phone numbers or e-mail addresses. The E-File Helpdesk telephone line and e-mail address are monitored by all E-File staff members. By contacting an individual using their personal contact information, you run the risk of not getting a timely response if they happen to be out of the office.

Phone: (207) 624-9730

Fax: (207) 287-6628

E-mail: efile.helpdesk@maine.gov

Mail: Maine Revenue Services
ATTN: E-file Operations
24 State House Station
Augusta, ME 04333-0024

Maine Electronic Filing Calendar

MeF ATS testing begins (in conjunction with the IRS)	November 1, 2011
Legacy PATS testing begins	November 1, 2011
Begin transmitting MeF returns to IRS/Maine	January 17, 2012
Begin transmitting Legacy returns to Maine	January 18, 2012
Last day for timely filed Maine returns	April 17, 2012
Last day for Efile transmitted returns on extension*	October 15, 2012

*Legacy system will be available until October 20, 2012 for rejected returns

What's New

Modernized eFile program

As mentioned in the introduction section, Maine will be participating in the Federal Modernized e-file (MeF) system. All of the existing forms supported by the current e-File system, and one additional form, the worksheet for Credit for Income Tax Paid to Other Jurisdictions will also be supported by MeF. All existing edits are also enforced by the MeF system in the form of either schema edits or business rules.

Also, Maine supports the submission of individual income tax estimate payments through MeF program. The estimate payments must be submitted at the time that the return is submitted. Up to four payments can be submitted with settlement dates scheduled up to a year in advance.

Current Legacy program

The current legacy program will continue to be supported through October 2012. There are no new forms or worksheets being added for tax year 2011. We will be adding any

new vendors to the Legacy system. Any new vendors will have to transmit returns via MeF.

Maine Tax Changes for Tax Year 2011

Standard deduction amount have been adjusted as follows:

Single- \$5,800

Head of Household- \$8,500

Married Filing joint, and Qualifying Widow/Widower- \$9,650

Married Filing a Separate Return - \$4,825

State of Maine - Individual Income Tax 2011 Rates 2011 Cost-of-living adjustment is 1.195

Note: The 2011 tax rate schedule dollar bracket amounts are adjusted by multiplying the cost-of-living adjustment, 1.195 by the dollar amounts of the tax rate tables specified in 36 MRSA §5111 subsections 1-B, 2-B and 3-B (see 36 MRSA §5403). The personal exemption amount is not subject to an inflation adjustment for tax year 2011.

Do not use these tax rate schedules to determine income tax withholding from wages.

Tax Rate Schedule #1

For Single Individuals and Married Persons Filing Separate Returns

If the taxable income is:	The tax is:
Less than \$5,000	2.0% of the taxable income
\$ 5,000 but less than \$9,950	\$ 100 plus 4.5% of excess over \$ 5,000
\$ 9,950 but less than \$19,950	\$ 323 plus 7.0% of excess over \$ 9,950
\$19,950 or more	\$1,023 plus 8.5% of excess over 19,950

Tax Rate Schedule #2

For Unmarried or Legally Separated Individuals who Qualify as Heads-of-Households

If the taxable income is:	The tax is:
Less than \$7,500	2.0% of the taxable income
\$ 7,500 but less than \$14,900	\$ 150 plus 4.5% of excess over \$ 7,500
\$14,900 but less than \$29,900	\$ 483 plus 7.0% of excess over 14,900
\$29,900 or more	\$1,533 plus 8.5% of excess over 9,900

Tax Rate Schedule #3

For Married Individuals and Surviving Spouses Filing Joint Returns

If the taxable income is:	The tax is:
Less than \$10,000	2.0% of the taxable income
\$10,000 but less than \$19,950	\$ 200 plus 4.5% of excess over \$10,000
\$19,950 but less than \$39,900	\$ 648 plus 7.0% of excess over \$19,950
\$39,900 or more	\$2,045 plus 8.5% of excess over 39,900

Additional Amount for Age or Blindness:

\$1,150 if married (whether filing jointly or separately) or a qualified surviving spouse. The additional amount is \$2,300 if one spouse is 65 or over and blind, \$2,300* if both spouses are 65 or over, \$4,600* if both spouses are 65 or over and blind, etc.

*If married filing separately, these amounts apply only if you can claim an exemption for your spouse.

\$1,450 if unmarried (single or head-of-household). The additional amount is \$2,900 if the individual is both 65 or over and blind.

Note: If taxpayer can be claimed as a dependent on another person's return, the standard deduction is the greater of \$950 or earned income plus \$300 (up to the standard deduction amount).

For a comprehensive list of other tax changes that may affect tax preparation, but not necessarily e-file, please refer to our website (www.maine.gov/revenue)

Electronic Filing Mandates

For returns filed in calendar year 2011 or any subsequent calendar year, a tax return preparer must file by electronic data submission all original Maine tax returns for individual income tax that are eligible for electronic filing, except:

1. When for the previous calendar year, the tax return preparer prepared 10 or fewer original Maine tax returns for individual income tax that are eligible for electronic filing;
2. When the taxpayer refuses to allow the return to be filed by electronic data submission and the tax return preparer notes the refusal in the taxpayer's records; or
3. When the tax return preparer has been granted a waiver from mandatory participation under section .05.

Acceptance and Participation

The Maine Electronic Transmitter Identification Number (ETIN) is the same number as the five-position ETIN assigned by the IRS. Maine will automatically accept those ETINs and EFINs that have been assigned and are valid with the IRS. Maine will automatically accept returns electronically from any IRS approved software provider. Acceptance is conditional upon the successful submission of annual PATS/ATS tests.

The ETIN will be activated for production processing once the software developer PATS/ATS testing is successfully completed.

Maine Revenue Services reserves the right to revoke electronic filing privileges of any electronic filer who varies from these requirements, specifications, or who does not consistently transmit error-free returns.

New transmitters (Applies to Legacy only)

We will not be accepting any new transmitters for our Legacy efile. All new transmitters will have to send submissions through MeF. In order to get set up to send submissions of Maine returns a new transmitter will need to fax a copy of your IRS acceptance letter, including the EFIN and ETIN. Once this paperwork is received, we will set you up on the MeF Gateway so that you can begin to submit ATS tests. Successful submission of ATS tests is required before the submission of “live” tax returns.

Assurance Testing

- Transmitters and ERO's are required to test with MRS on an annual basis. The Department will accept and review test returns from transmitters for approval prior to accepting live production returns
- The Software Developer must transmit ALL the test returns, in one single transmission, without any error.
- Transmitters who plan to submit returns to Maine in the current Legacy file format and also participate in Federal MeF program will be required to submit PATS/ATS tests for each file format.
- Maine will send acknowledgements for all tests received.
- Developers must attempt to resolve issues raised by the reviewers prior to re-submitting affected Maine PATS/ATS scenarios.
- Software products must pass Maine ATS/PATS prior to submitting “live” tax returns.
- Maine Revenue Services issues an approval letter to software companies in the form of an email for products passing Maine ATS/PATS.
- PATS/ATS test scenarios can be found at www.maine.gov/revenue/developers

E-File Provider Responsibilities

Confidentiality

Maine Revenue Services expects tax software companies to develop products that help their customers protect taxpayer data. Software companies are encouraged to heed IRS Publication 4557, *Safeguarding Taxpayer Data: A guide for your business*.

Maine Revenue Services encourages tax software companies to develop products that implement the IRS's six e-file security and privacy standards to better protect taxpayer information collected, processed, and stored by Authorized IRS E-File Providers.

www.irs.gov/efile/article/0,,id=201195,00.html

All Electronic Filers

Electronic filers must comply with all of the requirements of the Maine Electronic Filing Program and/or the Modernized E-file program and must maintain a high degree of integrity to continue to participate. Electronic filers must ensure electronic returns are filed in a timely manner. The determination of whether an electronic return is filed timely is made the same way as for a paper return. The receipt date of the electronic transmission will constitute the receipt date of the return if Maine Revenue Services acknowledges it. Any return not acknowledged by Maine Revenue Services is considered not filed. It is the responsibility of the filer to ensure every return filed electronically is acknowledged as "Accepted." A return filed electronically with errors and not acknowledged as "Accepted" is not considered filed with Maine Revenue Services. You must correct any errors within 24 hours of acknowledgement. In addition, return preparation dates as entered on returns are monitored to make sure returns are submitted in a timely manner. The following guidelines are provided as an overall measurement of timeliness:

- Original filings. The electronic record must be submitted within 72 hours of receipt of initial taxpayer information.
- Built-in delays. If the preparation, collection or submission procedures result in built-in delays in submitting taxpayer returns, you must advise the taxpayer in writing at the time of the initial contact with the taxpayer for your services.
- Error correction. Electronic records returned in error must be resubmitted within 24 hours of receipt of the electronic acknowledgement. In addition the Electronic Return Originator must call (207) 624-9730 within 24 hours should errors occur three times for the same return.
- Acknowledgement. If an electronic acknowledgement has not been received within 48 hours for any transmitted return, the electronic filer must immediately contact Maine Revenue Services Electronic Filing Help Desk (see Chapter 17) for further instructions. It is the responsibility of the filer to ensure that every return electronically filed is acknowledged as accepted.
- Changes. After an electronic return is accepted, it cannot be recalled or intercepted. If either the electronic filer or the taxpayer wishes to change any entries after the return has been accepted, an amended return (on paper) must be filed.
- Errors. Errors in filing, as determined by error acknowledgements, must be cleared within three days. Maine Revenue Services monitors the timeliness of the error correction process when an error acknowledgement is sent. Failure to provide timely correction of erroneous returns can cause a revocation of privileges.

ERO Responsibilities

- Use approved software for the Maine electronic filing program.
- Give the taxpayer copies of all forms filed, including attachments.
- Retrieve the State acknowledgment within two days of transmission by MRS.

On-line filers

- Use the official Form 1040ME-PV or an approved substitute form which duplicates the official 1040ME-PV in format, language, content and size. Use of unapproved forms could result in suspension from the program. Preparers who develop a substitute form must request approval to use the substitute form in writing from:

Maine Revenue Services
Attn: Forms Management Team
26 Edison Drive
Augusta, ME 04333-0024

Or

submitted in electronic format via email to: VendorForms.MRS@maine.gov
All questions regarding substitute forms may also be directed to this email address.
Please refer to our vendor website at www.maine.gov/revenue/vendors for more information regarding the approval of substitute forms.

- Filers should promptly satisfy Maine Revenue Services requests to provide copies of forms within ten workdays upon request by Maine Revenue Services.
 - Provide Maine Revenue Services with access to all material required to be maintained.
 - Promptly and satisfactorily answer any and all inquiries about the preparation, processing, handling and filing of all tax returns submitted for electronic filing.

NOTE: *The return address entered on the tax return is to be that of the taxpayer, not the Electronic Return Originator.*

Transmitter

Electronic filers who function as transmitters must:

- Transmit electronic returns and retrieve the acknowledgement files in a **timely manner**.

- Match the acknowledgement files and resubmit corrected returns for processing. Only returns that have been acknowledged as accepted will be considered for processing.
- Contact Maine Revenue Services E-file Help Desk at (207) 624-9730 or efile.helpdesk@maine.gov with any electronic filing issues.
- Ensure the security of all return data and information.
- Follow the instructions provided in this manual.
- Retain copies of all acknowledgement files received from Maine Revenue Services. This material must be retained for six months after transmission unless Maine Revenue Services notifies the filer otherwise.
- Transmit electronic returns from accepted electronic filers only.
- **Provide each of their clients with the acknowledgement files of their transmissions within two days after receipt of the acknowledgement.** Failure to do this could lead to suspension from the program.
- Set up and maintain an active account with the State.* **Does not apply to MeF participants**

Software Developers

Electronic filers who function as software developers must:

- Follow the specifications provided in this manual.
- Quickly correct software errors that cause electronic returns to be rejected to ensure the timely filing of electronic returns.
- Notify the E-file Help Desk of any problems associated with the return process or any questions you may have concerning electronic filings.
- Distribute software corrections, if any, to users promptly, together with any documentation and training needed.

Monitoring

Maine Revenue Services will monitor the quality of filer transmissions. Accepted returns will be monitored along with rejects, errors and other defects. The timely resolution of errors will also be monitored by MRS. If quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from electronic filing. When suspended, the ETIN authorization will be inactivated and further processing of electronic returns suspended.

Electronic filers 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 his/her return. This includes but is not limited to: access to current status of the return and access to organization representatives to resolve any questions or concerns.

Maine Revenue Services will advise electronic filers of problems originating in branch offices. If there are repeated problems or continuing problems, the "parent" electronic filer will be required to drop that office from the program. Failure to take corrective action will lead to the initiation of suspension against the "parent" electronic filer, including all branches.

Suspension of Electronic Filing Privileges

Maine Revenue Services reserves the right to suspend or revoke the electronic filing privileges of any filer who varies from the Maine requirements and specifications.

Administrative Review Process

Maine Revenue Services will notify a provider by letter if it is suspended from the Maine electronic filing program for reasons described above. Suspensions for any reason not listed will be fully detailed in the suspension letter.

Any applicant or filer who has been denied or suspended from participation in the Electronic Filing Program may request an administrative review.

Any request for administrative review must be made within 30 days from the date of denial or the date of suspension.

All requests should be mailed to:

Maine Revenue Services
ATTN: E-File Operations
24 State House Station
Augusta, ME 04333-0024

Filing an Electronic Return

Federal Data Requirements

A complete copy of the federal 1040 return and attachments as filed with the IRS must be provided in the Maine submission.

Caution: For returns submitted via the MeF program, the IRS rejects "linked" state submissions that fail to link to an "accepted" federal submission. Maine never receives state submissions rejected by the IRS.

General Data Requirements

Omit elements/fields intended to be unreported; do not send empty data elements/fields.

Unreported “optional” amounts are treated as having a value of zero.

Ratios and percents may be reported using as many decimal places as the schema allows unless the tax form or its instructions specify otherwise.

Excluded from Maine Electronic Filing

- Returns claiming a Pine Tree Development Zone credit on Maine Schedule A.
- Returns claiming a Credit for Educational Opportunity on Maine Schedule A.
- Returns claiming a Research Expense Tax Credit on Maine Schedule A.
- Returns claiming a Research & Development Super Credit on Maine Schedule A.
- Returns claiming a High Technology Credit on Maine Schedule A.
- Returns claiming a Media Production Credit on Maine Schedule A.
- Returns claiming Other Tax Credits on Maine Schedule A.
- Fiscal filers
- Short period filings (filing for less than 12 months)
- Composite returns
- Consolidated filers
- Amended returns
- Prior year returns

Supported by Maine Individual Electronic Filing

- Online returns prepared by a taxpayer using commercially purchased software or software provided by an online internet site.
- Returns prepared by an ERO and/or Paid Preparer using commercially purchased professional software.
- Linked (preferred) and Unlinked filings **(applies to MeF only)**
- ACH Debit payment for the total amount due (including underpayment penalty)
- Estimated tax payments for the forthcoming tax year **(applies to MeF only)**
- ACH direct deposit refunds into one account
- Calendar Year (12-month tax period normally ending December 31)
- **(MeF only)** Supporting documentation – Taxpayers are sometimes instructed to “attach” supporting information to the tax return. This includes tax forms, statements, explanations, elections, notices, schedules, or other types of miscellaneous information explained on tax forms, instructions, regulations, or publications.
 - Federal forms – When Maine instructions call for federal forms to be attached, Maine expects requisite forms to be present within the IRS MeF

submission copy provided to Maine. Maine does not redefine federal forms in its schemas.

- Simple explanation attributes or elements have been defined in the schema when appropriate to convey supporting textual statements.
- Optional PDF binary attachments are provided for within the Maine submission when other methods of inclusion are insufficient. If software or practitioner cannot provide binary attachments in the electronic submission, hardcopy attachments must be attached to a signed transmittal form, retained by preparer until requested, and mailed to MRS.

Supported Maine Income Tax Forms

Form 1040ME	Maine Individual Income Tax Form
Maine Schedule 1 & 2	Income Modifications and Itemized Deductions Supporting worksheet for sch 1, line 2f Pension deduction worksheet
Maine Schedule A	Adjustments to Tax Supporting Child Care credit worksheet Supporting worksheet for Inc Taxes pd to other Jurisdiction Supporting worksheet for Maine min tax
Maine Schedule CP	Voluntary Contributions and Park Passes
Maine Schedule NR	Nonresident Credit
Maine Worksheet A	Residency Information
Maine Worksheet B	Income Allocation Worksheet
Maine Worksheet C	Employee Apportionment worksheet
Maine Schedule NRH	Schedule for Calculating Nonresident Credit for Married person electing to file Single
Form 2210ME	Annualized Income Installment
Form 1099R	Distributions from Pensions, Annuities...
Form W-2	Wage and Tax Statement
Form W-2G	Certain Gambling winnings
Form 1099G	Certain Government payments
Form 1099ME	Maine Pass-through withholding

Refunds

Taxpayers may opt for overpayments to be:

- Applied to next year's estimated tax
- Issued in the form of a refund check.
- Directly deposited into their financial institution or NextGen account **if the amount of the refund is \$10,000 or less***
- Split so that a portion is applied to next year's estimated tax and the balance received as direct deposit or paper check. A refund cannot be split between a direct deposit and paper check.

*Refunds greater than \$10,000 that are requested to be direct deposited will automatically be turned into a paper check.

When direct deposit is requested the taxpayer must show the ERO proof of account from the financial institution that the taxpayer designates to receive the direct deposit. EROs must verify the information entered is correct and is the same information transmitted to MRS. MRS will issue a paper check if direct deposit information is invalid.

In compliance with federal International ACH Debit Transmissions regulations, Maine will not send direct deposits to financial institutions outside the United States. MRS will mail a paper check to the taxpayer.

Refunds directed to Next Gen Accounts

MeF

Overpayments that are directed to a NextGen college savings account must be done so by selecting “C” in the “TypeAcct” line of the Maine 1040 return schema and by entering the following required data in the Financial Transaction schema:

- Account number = account holder Social Security Number (without hyphens)
- Routing Transit Number = 043000261
- Account Type = Checking

LEGACY

Overpayments that are directed to a NextGen college savings account must be done so by populating the following fields in record number 01:

- Type of account (field 620) = N
- Account number (field 630) = account holder Social Security Number (without hyphens)
- Routing Transit Number (field 610) = 043000261

Delay of Refunds

Refunds may be delayed when:

- Overpayment is offset for an outstanding liability to MRS, another state agency, a Maine county, or the IRS. Any remainder of the overpayment after the offset will be processed as the taxpayer opted.
- Errors in the calculation of the return
- Additional review is needed

Please instruct the taxpayer to wait four business days after you receive a valid acknowledgement before contacting Maine Revenue Services' Income Tax Division about their return or refund. We recommend they inquire about their refund using “Where’s My Refund?” online at <https://portal.maine.gov/refundstatus/>

Payments

The balance due must be paid by the due date to avoid late fees. Payment options for balance due returns and estimated payments:

- Electronic E-file (direct debit)
 - Use the tax software to authorize MRS to debit the taxpayer account. Payment may be scheduled up to and including the tax due date, or if return is submitted after tax due date, payment date must be the date the return is submitted. Payment must be the total amount due (including underpayment penalty)
- Maine EZ Pay (direct debit)
 - On the MRS home page (www.maine.gov/revenue) select Electronic Services; scroll down and select Maine EZ Pay
- Mail your payment
 - Print Form 1040ME-PV when completing taxpayer return, paid provider must provide Form 1040ME-PV to taxpayer. Mail to MRS along with payment as instructed on the payment voucher.
- Estimate Payments for 2011 Tax Liability (**available for MeF only**)
 - Estimate payments for 2011 tax liability may be scheduled at the time a taxpayer files their 2011 tax return. Taxpayers may schedule one, two, three, or four payments. Each payment must include a payment settlement date, the date upon which Maine Revenue Services will withdraw the funds from the taxpayer specified bank account.

Direct Deposit Responsibilities

An Electronic Return Originator submitting electronic payments via the current ELF system must follow the same rules and guidelines for the Maine Direct Deposit as specified in the IRS handbook for Electronic Filing (Publication 1346), under Refunds and Direct Deposit, Responsibilities, Eligibility Requirements and Proof of Account.

Maine Revenue Services will make every attempt to effect a direct deposit. However, if a direct deposit cannot be properly completed, a paper check will be issued.

Taxpayer/Preparer Instructions

Maine does not require an electronic signature document. However, the ERO must ensure the return is correctly completed and all instructions are followed. After the return has been prepared electronically and before the return is transmitted, the taxpayer must verify the information on the return. The ERO must furnish the taxpayer with a copy of the electronic return, including all supporting documentation. This information may be displayed on facsimiles of official forms. This material is to be

provided to the taxpayer before the return is transmitted. The ERO must provide the taxpayer with a copy of the following items:

- Any non-transmittable signed documents, W-2's and 1099's
- A hard copy of the return as filed electronically with the State
- Electronic Funds Withdrawal Affirmation, if the taxpayer chose the Electronic Funds Withdrawal Affirmation method of payment.
- Perjury statements/attestation at the time of taxpayer filing/submission. The language may be obtained from the paper versions of the forms posted to Maine Revenue Services website.

After the taxpayer has reviewed the return with the ERO, the transmitter will transmit the electronic portion of the return to Maine Revenue Services in accordance with specifications in this manual. By transmitting the electronic portion of the return, the electronic filer certifies that the return has been reviewed by the taxpayer.

Filing a tax return is the responsibility of the taxpayer, and filing returns electronically requires an agreement between the taxpayer and the ERO. Maine Revenue Services is not a party to this agreement.

If the ERO changes the electronic tax data after the taxpayer's review of it, but before the transmission to Maine Revenue Services, the taxpayer must be notified of the changes.

Exceptions:

- The total tax, the withholding or the refund fields differ from the corresponding amounts on the electronic tax return by less than \$5, and
- The total income amount differs from the corresponding amount on the electronic tax return by less than \$25.

Such changes are limited to corrections within the above tolerances for arithmetic errors, transposition errors, misplaced entries and spelling errors. Rounding off to whole dollars and dropping cents do not constitute significant changes or alterations to the tax return. All rounding should be done in accordance with standard accounting principles. Be sure that your rounding process occurs at the field level and that any totals are computed based on whole dollars.

Fraud Prevention

You can assist in identifying potentially fraudulent returns before they are transmitted. If you suspect false information is being submitted to you for electronic filing, we encourage you to contact the MRS Compliance Division by calling (207) 624-9600 or on-line at: <http://www.maine.gov/revenue/Compliance/homepage.html>

Also, it is the policy of Maine Revenue Services to discourage the use of the return preparer's address as the taxpayer's present address on the Maine Individual Income Tax Return. While the taxpayer may, in fact, request it and even sign a paper

requesting such address usage, it is not in the interest of either the taxpayer or the State to do so. It causes problems when a return preparer's address is used on the return, such as:

- The address on the return is the address to which next year's tax information will be sent.
- The refund may be delayed while we review the return manually as part of our fraud detection process.
- Any future notices or correspondence with the taxpayer would be sent to the return preparer rather than the taxpayer.
- Regardless of the legality of using the return preparer's address on the tax return, we strongly discourage this practice.

Under no circumstances shall non-address information be entered in the address fields. These fields are for address data only.

Transmitting the Electronic Return

MeF

The IRS prescribes SOAP and packaging specifications. For MeF Transmission File Structures for Internet Filing Application (IFA) and Application-to-Application (A2A), refer to IRS publications:

- Pub 4164, Modernized efile (MeF) Guide for Software Developers and Transmitters
- MeF Submission Composition Guide
- ISS MeF State and Trading Partners ICD

To indicate State of Maine submission, value "ME" must occur in the Jurisdiction element of /ReturnState/ReturnHeaderState.

The MeF manifest must indicate a submission type of ME1040 for individual income tax returns.

Tax preparers and transmitters accepted in the IRS Fed/State Program may submit federal and/or State returns to the IRS. The State submission can be linked to the IRS submission by including the Submission ID of the federal return. If the State submission is linked to an IRS submission (also referred to as Fed/State return), the IRS will check to see if there is an accepted IRS submission under that Submission ID. If there is not an accepted federal return for that tax type, the IRS will deny the State submission and a rejection acknowledgement will be sent to the transmitter. MRS has no knowledge that the State return was denied (rejected) by the IRS. If there is an accepted federal return under that Submission ID, MeF will perform minimal validation on the State submission. MeF will then pass along to the State what the ERO/taxpayer sends in the

State submission. After the State data is retrieved, it will be acknowledged and, if accepted, processed by MRS.

Note: The IRS recommends if a state submission is linked to an IRS submission, send the IRS submission first and, after it has been accepted, send in the state submission.

State Stand Alone E-file

Tax preparers and transmitters accepted in the IRS e-file program may submit State Stand Alone returns when supported by the software. If the ERO does not link the State return to a previously accepted federal return (also referred to as State Stand Alone return) the IRS will perform minimal validation on the State submission. The State data will then be made available for retrieval by MRS. After the State data is retrieved, it will be acknowledged and, if accepted, processed by MRS.

Maine accepts both linked and un-linked submissions. In both submission types, the federal data is required and there are some specific business rules that perform validation against the federal data. A submission that does not contain federal data will fail the business rule validation and cause rejection.

LEGACY

Data transmission to Maine Revenue Services (MRS) is achieved by sending the data to the Maine Office of Information Technology (OIT, formerly BIS) via Secure FTP. OIT sends the data to MRS as soon as it is received. The file will be sent to MRS only if it contains a valid user ID and 6-character password in the TRANA record. The user ID is composed of TRnnnnn where nnnnn is the ETIN as assigned by the IRS. To obtain a password, contact the Maine E-file Help Desk. If there is a problem trying to establish communication with the network or any other problem, contact the E-file Help Desk.

All data communication to and from the filers through the network must be accomplished using Secure FTP. To use Secure FTP you will need an FTP client (e.g. WS-FTP Pro and Filezilla) that is capable of 128 bit SSL encryption.

The FTP server that you will be logging into is <ftp.secure.maine.gov>. Your logon ID will be your ETIN (TRnnnnn) and your password will be the password of your inbound file transfer, as assigned by Maine's e-file coordinators.

When you logon to the Momentum server, you will be in your own personal inbound folder. Any file transferred into this folder will be processed by the Momentum server. There is also a sub-folder, which is your ETIN number with a capital O appended to it (TRnnnnnO). You will to change directory to point to this folder. This is your outbound folder. Your acknowledgements will be placed in this folder.

Acknowledgements

Acknowledgement Turnaround

MeF

The Maine MeF system generates an acknowledgement for each state submission and sends it to the IRS MeF system for the transmitter to retrieve. A Maine acknowledgement is separate from the federal acknowledgement. Receiving a federal acknowledgement does not mean that Maine received the state submission. Only a Maine acknowledgement guarantees the Maine submission was received.

This acknowledgement signals e-file providers that Maine has either accepted or rejected the corresponding MeF submission. Maine Revenue Services endeavors to acknowledge submissions hourly, but staffs the MeF system to resolve technical issues during weekday business hours only.

LEGACY

Acknowledgements will be placed in the outbound folder on the Momentum server and kept there for a maximum of 14 days. Transmitters have full rights to their folder. We strongly suggest that acknowledgements are deleted when they are no longer needed, to keep the folder from becoming overly large. Maine ELF system employs real time processing. There are no scheduled downloads of transmissions. As soon as a file of returns is transmitted, the returns are processed via Maine's ELF system and acknowledgements are forwarded to the transmitters' mailbox for their review and further processing.

Missing Acknowledgements

MeF

If one or more of the following occurs:

- Maine acknowledgements were received for some returns, but not all returns submitted in a single transmission
- A transmission day was skipped (for example, received Maine acknowledgements for Tuesday and Thursday transmissions, but none for Wednesday)

Then verify:

- The IRS has accepted the federal return linked to the state return
- The transmitter has received all available Maine acknowledgements from the IRS
- The ERO has retrieved all available Maine acknowledgements from the transmitter.

Transmitters that do not receive Maine acknowledgements within a few hours may expect to receive them within one business day of MRS receiving state returns from the IRS. EROs should contact their transmitter who will work with the Maine E-file help desk support staff to resolve the issue. The following information is needed in order to assist with researching the missing acknowledgements:

- Electronic Transmitter ID number (ETIN)
- Electronic Filer ID number (EFIN)
- EFIN of the submission in question
- Transmission date
- Submission ID
- Date of federal return acknowledgement
- Transmitter contact name and telephone number

LEGACY

Acknowledgements are placed in the transmitter mailbox as soon as the file is processed. Therefore if you do not get them within a few hours or are missing some please contact your transmitter who will work with the Maine E-file help desk support staff to resolve the issue. The following information is needed in order to assist with researching the missing acknowledgements:

- Electronic Transmitter ID number (ETIN)
- Electronic Filer ID number (EFIN)
- Transmission date
- Transmitter contact name and telephone number

Schemas/File Layouts and Specifications for Software Developers

Modernized e-File Program (MeF)

Schemas

The Maine schemas are in the IRS standard Extensible Markup Language (XML) format. They have been approved by the Tigers Committee and can be found at www.maine.gov/developers

The Maine MeF system rejects submissions that fail to comply with schema formatting and business rules. Rejected submissions are considered “not filed”, but are maintained on the federal MeF server and can be accessed by authorized MRS personnel to assist with error identification / correction, if needed. ACH Debit payments submitted with returns are processed only when returns are accepted.

Business Rules

MeF Business Rules for Maine Individual Income Tax can be found at:

www.maine.gov/revenue/developers

Maine Rule Number – Each business rule has a number that uniquely identifies the business rule within the Maine MeF system. For consistency, the business rule numbers also align with the Maine Legacy E-File system business rule numbering. MeF business rules begin with either X or ME. X indicates an XML business rule, ME indicates a Maine form / schedule / worksheet business rule.

Maine Business Rule Examples:

X0000-002	XML – data must conform to specified XML schema
ME1040-1109	Maine form 1040, last four digits equal legacy error number

Rule text – Each business rule prescribes what is expected in order to comply with a requirement. Rule text uses business terms (as opposed to programming terms) that are readily understood by tax subject matter experts, electronic return originators, and transmitters familiar with Maine forms. Rule text pertaining to forms and schedules usually follow a pattern. Reference in the rule to other affected data elements are only by form and/or line number.

Electronic filing system (LEGACY)

General Description of File Format

1. All transmission data must be in compliance with IRS standards except as otherwise noted.
2. All transmission data must be in ASCII format. No binary fields may be transmitted.
3. A transmission session will normally consist of three parts:
 - a. First, the communications link must be established using acceptable protocol.
 - b. Next, the return record transmission will commence. The return record transmission will consist of a series of logical records beginning with the Transmitter records, followed by some number of logical return records for a maximum of 500 tax returns, and ending with a RECAP record.
 - c. Then, the transmitter will receive the acknowledgement transmission containing information about the previous transmission session.
4. All return records must be in ascending order by Declaration Control Number (DCN) and Return Sequence Number (RSN).
5. All logical records must be transmitted in a series of logical blocks.

6. Each logical record within a transmission must be preceded by two four-byte fields. The first four-byte field is for a record Byte Count that will contain a count of the number of bytes within the logical record including the four bytes for the counter itself, four bytes for the Start of Record Sentinel (****), and one byte for the Record Terminus Character (#). The second four-byte field will be the Start of Record Sentinel, which must be four asterisks (****).
7. Every logical record must have the Record Terminus Character (#) as its last significant byte.
8. The first records on a transmitted file, the TRANA and TRANB Records, contain information regarding the transmitter and file format. These records should be followed by the records comprising the tax returns being transmitted.
9. The end of the logical transmission is signaled by the literal "RECAP". It is followed by the RECAP Record data and the Record Terminus Character (#).
10. A tax return will consist of a variable number of variable length records.
11. Each logical record should contain all data fields pertaining to one printed page of an official schedule or form, or to a line of a Statement Record. Therefore, the logical record contains an entire schedule or form, or a logical part (i.e., PG01 or PG02) of a schedule or form, or line of a Statement Record.
12. Each complete tax return must consist of all logical records pertaining to it.
13. Schedule, Form, and Statement Records can contain additional sequential Page Records if the record consists of more than one printed page. (Pages are only numbered within a schedule, form, or statement record, not across the return.) All records must appear in one of the two Sequences Number Orders above with the proper control information. The counts of the schedules and forms must match the counts in the Summary Record or the return will be rejected.
14. The file should be unlabeled (no standard header or trailer records).
15. Each file must contain only complete returns.
16. The page should not be generated if there are no entries on a page record of a schedule or form. A blank page (Record ID only) will cause the return to be rejected, except in cases where multiple forms require that one page be present when the other page is present.
17. The first logical record of a tax return (i.e., Page 1 of the Form 1040ME) will contain the Tax Return Record Identification, which includes the Return Type, the Tax Period, the Return Sequence Number (RSN), and the Declaration Control Number (DCN).
 - a. The RSN is a unique 16-digit number assigned by the transmitter to each return within a return transmission. The RSN includes the transmitter's Electronic Transmitter Identification Number (ETIN). The RSN consists of the following fields:
 - Electronic Transmitter Identification Number(ETIN) of the transmitter (5 numeric characters)
 - Transmitter Use Field, the value of which is determined by the transmitting electronic filer (2 numeric characters)
 - Julian Day of Transmission (3 numeric characters)

- Transmission Sequence Number for the given Julian Day (2 numeric characters)
 - Sequence Number assigned to the return (4 numeric characters)
- b. The DCN is a 14-digit number assigned by the electronic filer to each return within a return transmission. The DCN must contain the Electronic Filer Identification Number (EFIN) of the electronic filer who originated (either prepared or collected) the return, even if the transmitter assigns the DCN as a service to the electronic return preparer. The DCN consists of the following fields:
- Always "00" (2 numeric characters)
 - Electronic Filer Identification Number (EFIN) of the electronic filer (6 numeric characters)
 - Batch Number (3 numeric characters)
 - Serial Number (2 numeric characters)
 - Year Digit (1 numeric character)
18. The complete tax return must consist of the Form 1040 record followed by the corresponding attachments and schedules, if present, in the following sequence:
- a. Requested Return Sequence Order
- Maine Form 1040ME
 - Maine Schedule CP
 - Form W-2
 - Form W-2G
 - Form 1099R
 - Form 1099G
 - Form 1099ME
 - Maine Schedule 1
 - Maine Schedule 2
 - Worksheet for Pension Income Deduction
 - Worksheet for Maine Schedule 1, line 2f
 - Worksheet for Maine Schedule 2, line 5a
 - Maine Schedule A
 - Worksheet for Child Care Credit
 - Maine Minimum Tax Worksheet
 - Maine Schedule NR
 - Maine Schedule NRH
 - Worksheet A Residency Information Worksheet
 - Worksheet B Employee Apportionment Worksheet
 - Worksheet C Income Allocation Worksheet
 - Maine Form 2210ME
 - Statement Record(s)
 - Form 1040 or 1040A or 1040EZ
 - Federal Schedule A
 - Federal Schedule C or C-EZ
 - Federal Schedule D

- Federal Schedule E
 - Federal Schedule F
 - Federal Form 1310
 - Federal Form 2441
 - Federal Form 4562
 - Federal Form 4797
 - Federal Form 4972
 - Federal Form 5329
 - Federal Form 5884
 - Federal Form 6251
 - Federal Form 6252
 - Federal Form 8379
 - Federal Form 8801
 - Federal Form 8829
 - Federal Form 8889
 - Summary Form
- b. Attachment Sequence

The statement forms are placed in the same sequence as the forms to which they are associated.

Record Format

All tax return records must be variable length record for each transmission. The record length indicated at the beginning of the record must be a sum of all data lengths between the record length indicator and the record terminus. This will include the four byte record length field and one byte record terminus character.

Acknowledgement Format

1. Every transmission will be acknowledged by the return of an Acknowledgement File (ACK File) to the transmitter. The Acknowledgement File will be available from the Maine Electronic Filing Office to the transmitter within two workdays from the original transmission.
2. If the entire transmission is rejected , the ACK File will contain the following:
 - a. The original transmitter records (TRANA and TRANB).
 - b. One ACK Record Set consisting of an ACK Key Record with a "T" in the Acceptance Code field and one ACK Error Record containing all transmission reject errors related to this transmission.
 - c. The Recap Acknowledgement Record (ACK Recap Record) with fields (9) through (12) zero-filled. See explanations of transmission reject reasons.
3. If the transmission is accepted, the ACK File will contain the following:
 - a. The original TRANA and TRANB sent by the transmitter.

- b. An Acknowledgement Record (ACK Record Set) is sent for each recognizable return transmitted.
 - c. The Recap Acknowledgement Record (ACK Recap Record), which is the original RECAP Record updated with counts of the Total Accepted Returns, Total Duplicated Returns, Total Rejected Returns, Total Duplicated EFT, MRS Computed EFT Count, and MRS Computed Return Count.
4. The acknowledgement of an individual return is the ACK Record Set. An ACK Record Set consists of one ACK Key Record for an accepted return, or one ACK Key Record followed by up to 96 ACK Error Records for a rejected return.
- a. The ACK Key Record contains information to identify the return it represents, plus a field to indicate how many (if any) ACK Error Records follows.
 - b. If present, each ACK Error Record will contain data defining the Form Record Number, the Form Occurrence for multiple occurrences of schedules or forms, the Field Sequence Number, and the Error Reject Code describing the specific error encountered.

Return/Form Status Codes

1. An "A" in the Acceptance Code field of an ACK Key Record indicates that the associated tax return has been accepted as a filed tax return and will be processed in the same manner as a return originally submitted on a paper document. This does not imply that the return will pass all Maine Revenue Services' (MRS) validity checks or post to the MRS Master File without delays.
2. An "R" in the Acceptance Code field of an ACK Key Record indicates that the associated tax return has been rejected due to a fatal error involving the return format, internal consistency, or data errors in a key field. The error(s) must be corrected and the return resubmitted to MRS to be considered a filed tax return.
3. An "N" in the Acceptance Code field of an ACK Key Record indicates that the associated tax return has been rejected due to missing or duplicate form(s) / schedule(s). The error(s) must be corrected and the return resubmitted to MRS to be considered a filed tax return.
4. A "D" in the Acceptance Code field of an ACK Key Record indicates that the associated tax return has been identified as a duplicate record, i.e., a tax return record had previously been transmitted and accepted with that Social Security Number (SSN), Declaration Control Number (DCN), or Return Sequence Number (RSN).
5. Up to 96 four-position Error Reject Codes may be furnished to the electronic filer on the ACK Error Record(s). Filers should use these Error Reject Codes to determine the source of the error causing the return (or transmission) to be rejected. If more than the maximum number of reject conditions are identified, the last reject code will be "9999".
6. The Error Reject Codes and references to validation criteria related to the errors are listed in Attachments 4, 5 and the individual file layouts. Filers should use this information to resolve reject conditions. When a condition cannot be resolved

with the information provided, the filer should contact the E-File Help Desk for assistance (see Chapter 17).

Record Layouts (See Maine Electronic Record Layout)

The record layouts are approved for the development and implementation of electronic records for the transmission of prepared returns to the State of Maine.

Data Validation and Rejection Criteria Guidelines(Refer to ACK Error Record file layout)

Field 5 is 2 characters in length and is used to identify the form which contains the error. The two-character record numbers can be found in Attachment 4. Field 6 is 3 characters in length and can be found in Attachment 5 or in the appropriate file layouts designated from Attachment 4. If a field does not pass the validation criteria, the whole return will be rejected.

All money fields are signed numeric. All numeric non-money fields except for certain percentage fields are unsigned numeric.

There is a 35-byte limitation on address lines. The last digit of the numeric field contains the sign of the number (sign trailing separate). ALL ALPHABETIC FIELDS MUST BE UPPER CASE.

Error Form Record Numbers

Returns will be submitted in Return Sequence Number order. Use the following record numbers to identify the form/schedule which has a Reject Error.

<u>Record Number</u>	<u>Schedule/Forms</u>
01	Form 1040 ME
05	Schedule CP
10	W-2
20	W-2G
25	1099-R
30	1099-G
33	1099ME
35	Schedules 1-2-3
40	Schedule A
45	Maine Minimum Tax Worksheet

50	Schedule NR
55	NR Worksheets A & B
60	NR Worksheet C
65	Schedule NRH
70	Schedule 2210
75	Statement Records
80	Summary Record
85	IRS Records
99	Transmission Rejects

General File Transmission Reject Codes/Reasons
(These are used in conjunction with Record Number 99/Transmission
Rejects above.)

<u>Error Code</u>	<u>Error Reason</u>
9998	no TRANA record
9997	no TRANB record
9996	wrong length or embedded “#”
9995	multiple recap records
9994	invalid TRANB information
9993	multiple TRANA/TRANB records detected
9992	no recap record received
9991	invalid processing cite designator
9990	invalid production-test code
9989	invalid transmission type code
9988	invalid ETIN
9987	invalid total return count in recap record
9986	invalid total EFT count in recap record
9985	invalid Julian day in TRANA record
9984	only variable length option allowed in transmission
9983	missing field delimiters ([])
9982	missing record terminus character
9981	EIN on TRANA record different from EIN on return record
9980	invalid recap record count
9979	duplicate transmission
9978	invalid EFIN
9977	invalid/unrecognized Form Record ID
9976	missing transmitter name
9975	invalid transmission data in TRANA
9974	invalid transmission format
9973	invalid recap record
9972	invalid EIN
9971	received after filing date

Miscellaneous

Advertising, Media Communications and Endorsement Restrictions

Electronic filers shall comply with the advertising, media communication and endorsement restrictions specified in the Internal Revenue Service Revenue Procedure for Electronic Filing of Personal Income Tax Returns, Publication 1346, as it may apply to Maine.

Acceptance in the Maine Electronic Filing Program does not imply endorsement by Maine Revenue Services. 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. This does not constitute an endorsement or approval by Maine Revenue Services of the quality of tax preparation services provided. No advertisement may state or infer that electronic filing changes in any way the filing, payment or legal obligations of the taxpayer. Please be conservative in advertising refund times.

MRS posts a list on its web site of software companies having approved products as a courtesy to taxpayers. MRS does not endorse software companies nor guarantee their products, services, or prices. Software companies must provide technical support for their products. MRS does not offer technical assistance for software products.