



# 2017

## **Maryland MeF Handbook for Authorized e-File Providers**

***for Individual Resident and  
Nonresident Income Tax  
Returns***

***September 2017***

Revenue Administration Division

Annapolis, MD 21411-0001

**Peter Franchot, Comptroller**

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# **SECTION 1      Instructions for Electronic Filing**

## **Introduction**

The Maryland Modernized Electronic Filing (MeF) Program is part of the Internal Revenue Service (IRS) e-File Program. The Maryland MeF Handbook for Authorized e-File Providers is designed to be used as a companion to IRS Publication 4164. Most functions of the Maryland MeF program are the same as the Federal 1040 MeF program. This handbook highlights the unique features of Maryland e-File.

MeF allows filing of Federal and State Resident and Nonresident individual income tax returns using Extensive Markup Language (XML) format. The transmission method is a Web service using Simple Object Access Protocol (SOAP) with attachments messaging.

There are some differences between the Maryland MeF Handbook for Authorized e-File Providers and the Maryland Individual Tax Forms and Instructions for Residents and/or Nonresidents which are designed for preparing paper returns. There may be instances when an electronic return requires additional fields to be transmitted that are not required on paper forms due to electronic edit functions. The Maryland MeF Handbook for Authorized e-file Providers supersedes the paper instructions when there is a variation.

Starting January 2018, in cooperation with the IRS, Maryland will accept production Resident and Nonresident individual income tax returns, corresponding forms and schedules for 2017, 2016 and 2015.

## **Benefits of MeF**

MeF delivers significant value and benefits to both taxpayers and tax preparers. Returns filed through MeF can be submitted to the IRS year round except for a short cutover period at the end of the year. Return transmissions are processed upon receipt and acknowledgments are generated and returned in near real time 24 hours a day, 7 days a week.

## Who Can Participate

There are 4 classifications of participants in the MeF Program:

**Electronic Return Originator (ERO):** An ERO originates the electronic submission of a tax return through IRS or state *e-file* after the taxpayer authorizes the electronic filing of the return.

**Online Filing Provider:** An Online Filing Provider allows taxpayers to self-prepare tax returns by entering return data directly into commercially available software downloaded from an Internet site and prepared off-line, through an online Internet site, or loaded from physical media onto a desktop computer, or mobile device.

**Software Developer:** An Authorized IRS or state e-file Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to Publication 4164 or state specifications and/or (b) transmitting the electronic portion of returns directly to the IRS or state. A Software Developer may also sell its software.

**Transmitter:** An Authorized IRS or state e-file Provider that transmits the electronic portion of a return directly to the IRS or state. An entity that provides a “bump up” service is also a Transmitter. A bump up service provider increases the transmission rate or line speed of formatted or reformatted information that it is sending to the IRS or state by a public switched telephone network. A tax services provider may serve its customers in more than one of these roles.

## Electronic Identification Numbers

The Electronic Filer Identification Number (EFIN) is the six-digit identification number assigned by the IRS.

The Electronic Transmitter Identification Number (ETIN) is the five-digit identification number assigned by the IRS.

A permanent five-digit Maryland Software Identification Number (MSID) is assigned by the Maryland e-File Help Desk for each version of all software packages. New companies should contact the e-File Help Desk for assignment of an MSID. Each software product must have their unique MSID hard coded into their XML for identification purposes. The MSID will be active in production processing when testing has been successfully completed.

## New for Tax Year 2017

- All individual income tax returns are due April 17, 2018
- Calvert County local tax rate increased from .0280 to .0300
- Somerset County local tax rate increased from .0315 to .0320
- Pension exclusion for 65 or over increased from \$29,400 to \$29,900
- Pension exclusion for Retired Law Enforcement and Fire, Rescue or Emergency Personnel between 55 and 64, with a maximum of \$15,000
- Form 502 – Amount of investment income changed from \$3,400 to \$3,450
- Form 502 – Calculation for REIC increased from 26% to 27%
- Form 502 – New addition code **q** – Amount of the difference between FAGI as reported under federal Mortgage Forgiveness Debt Relief Act (2007) and FAGI as claimed in the taxable year
- Form 502CR
  - Part E – Long Term Care Credit changed from \$390 to \$410 for age 40 or less
  - Part G – Removed and marked Reserved for Future Use
  - Part M – Student Loan Debt Relief Tax Credit, may not exceed \$5,000 per qualified taxpayer Refundable Income Tax Credits
- Form 502SU – Subtraction code **va** and **vb** maximum credit increased to \$4,500 for single filers and \$9,000 for joint filers on Form 502SU and 505SU
- Form 502SU – 5 new subtraction codes
  - **pp** – The value of any medal, prize money or honoraria received by the International Olympic Committee, the International Paralympic Committee, the Special Olympics International Committee, or the International Committee of Sports for the Deaf, the United States Olympic Committee from the performance at the Olympic Games, the Paralympic Games, the Special Olympics Games, or the Deaflympic Games
  - **qq** – Amount of qualified principal residence indebtedness included in federal adjusted gross income that was allowable as an exclusion under the Mortgage Forgiveness Debt Relief Act of 2007 as amended
  - **rr** – Pension Exclusion for Retired Law Enforcement and Fire, Rescue or Emergency Personnel between 55 and 64 years old maximum \$15,000
  - **xd** – Up to \$2,500 per Able Account contributor per beneficiary of the total of all amounts contributed under the Maryland ABLE Account
  - **xe** – An amount included in the federal adjusted gross income contributed by the State into an investment account under 18-19A-04.1 of the Education Article during the taxable year

- Form 502R – New Part 7, Pension exclusion for Retired Law Enforcement and Fire, Rescue or Emergency Personnel between 55 and 64, maximum of \$15,000
- Form 502UP – Interest rate changed (see [www.marylandtaxes.gov](http://www.marylandtaxes.gov))
- Form 502V – Mileage rate decreased from 54 cents to 53.5 cents
- Form 505 – New addition code **o** - Amount of the difference between FAGI as reported under federal Mortgage Forgiveness Debt Relief Act (2007) and FAGI as claimed in the taxable year
- Form 505SU – 4 new subtraction codes
  - **oo** – The value of any medal, prize money or honoraria received by the International Olympic Committee, the International Paralympic Committee, the Special Olympics International Committee, the International Committee of Sports for the Deaf, the United States Olympic Committee from the performance at the Olympic Games, the Paralympic Games, the Special Olympics Games, or the Deaflympic Games
  - **qq** – Amount of qualified principal residence indebtedness included in FAGI that was allowable as an exclusion under the Mortgage Forgiveness Debt Relief Act of 2007 as amended
  - **xd** – Up to \$2,500 for ABLE Account Contributor per beneficiary
  - **xe** – An amount included in FAGI contributed by the State into an investment account under 18-19A-04.1 of the Education Article during the year
- Form 500CR 3 new credits
  - **Part Y** – Apprentice Employee Tax Credit
  - **Part Z** – Qualified Farms Tax Credit
  - **Part AA** – Qualified Veteran Employees Tax Credit
- Form 500CR
  - Business Tax Credit Summary changed to Part BB
  - Excess Credit Carryover Calculation changed to Part CC
  - Refundable Business Income Tax Credits changed to Part DD
  - Corporation and Pass-through Entity Refundable Tax Credit changed to Part EE
- Form Schedule K-1 (510) 3 new credits
  - Apprentice Employee Tax Credit
  - Qualified Farms Tax Credit
  - Qualified Veteran Employees Tax Credit



## Physical Maryland Address

One of the most common errors on electronic returns filed in 2017 was the new Maryland physical address section on Form 502. Entries in this section must reflect the taxpayer's last Maryland residency. See graphics on the next few pages for additional clarification.

### MARYLAND PHYSICAL ADDRESS INSTRUCTIONS

#### Taxpayer Valid Maryland Address Only

The diagram illustrates the required fields for a Maryland physical address on Form 502. It includes callouts for instructions 1 through 8, which are detailed in the surrounding text boxes.

**1** Taxpayer physical place of Maryland Residence on the last day of taxable year or on the last day of Maryland legal residence for Part-Year or Military taxpayers. **CAN NOT BE OUT OF STATE ADDRESS**

**2** **4 Digit Maryland Political Subdivision Code** from LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREA IN MARYLAND (see Resident Booklet, Page 3) **Required**

**3** **Maryland Political Subdivision** from LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREA IN MARYLAND (see Resident Booklet, Page 3)

**1** **REQUIRED:** Physical address as of December 31, 2017 or last day of the taxable year for fiscal year taxpayers. **See Instruction 6. Part-year residents see Instruction 26.**

**2** 4 Digit Political Subdivision Code (See Instruction 6)

**3** Maryland Political Subdivision (See Instruction 6)

**4** Physical Street Address Line 1 (Street No. and Street Name) (No PO Box)

**5** Physical Street Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box)

**6** City

**7** MD State ZIP Code

**8** Maryland County

**4 MD Address Line 1** (Maryland Street Number and Name - **No PO Box**) **Required**

**5 MD Address Line 2** (Maryland Apartment Number, Suite Number, Floor Number - **No PO Box**) **Required**

**6 MD City Name** **Required**

**7 MD ZIP Code** **Required**

**8 MD County** **Required**

See Example of taxpayer mailing address (Out of State) and MD Physical address on the next page.

**MARYLAND PHYSICAL ADDRESS INSTRUCTIONS**

**MARYLAND  
FORM  
502**

**RESIDENT INCOME  
TAX RETURN**



**2017**  
\$

OR FISCAL YEAR BEGINNING \_\_\_\_\_ 2017, ENDING \_\_\_\_\_

**123456789**

Your Social Security Number \_\_\_\_\_ Spouse's Social Security Number \_\_\_\_\_

**SINGLE**

Your First Name \_\_\_\_\_ Initial \_\_\_\_\_

**TAXPAYER**

Your Last Name \_\_\_\_\_

Spouse's First Name \_\_\_\_\_ Initial \_\_\_\_\_

Spouse's Last Name \_\_\_\_\_

**28344 DUPONT BLVD**

Current Mailing Address Line 1 (Street No. and Street Name or PO Box)

Current Mailing Address Line 2 (Apt No., Suite No., Floor No.) \_\_\_\_\_ **MILLSBORO** \_\_\_\_\_ **DE** **19966**  
City or Town State ZIP Code

Print Using Blue or Black Ink Only

|          |   |          |  |
|----------|---|----------|--|
| <b>1</b> | <b>REQUIRED:</b> Physical address as of December 31, 2017 or last day of the taxable year for fiscal year taxpayers.<br><b>See Instruction 6. Part-year residents see Instruction 26.</b> |          |  |
| <b>2</b> | <b>0602</b>   | <b>3</b> | <b>Town of Denton</b>                              |
|          | 4 Digit Political Subdivision Code (See Instruction 6)  |          | Maryland Political Subdivision (See Instruction 6) |
| <b>4</b> | <b>123 Market Street</b>  |          |  |
|          | Physical Street Address Line 1 (Street No. and Street Name) (No PO Box)   |          |  |
| <b>5</b> | <b>Suite 409A</b>   |          |  |
|          | Physical Street Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box)  |          |  |
| <b>6</b> | <b>Denton</b>   | <b>7</b> | <b>21629</b>                                       |
|          | City  | State    | ZIP Code   |
|          |   | <b>8</b> | <b>Caroline</b>                                    |
|          |   |          | Maryland County                                    |

## Form IND PV

Form IND PV – Payment Voucher is required to be generated and furnished to all taxpayers who electronically file an Original return with a balance due without direct debit. A taxpayer who chooses to pay their liability by check or money order should mail the IND PV along with their remittance to:

**Comptroller of Maryland  
Revenue Administration Division  
PO Box 8888  
Annapolis, MD 21401-8888**

## Publications

The following publications are available on the Comptroller of Maryland Web Site at [www.marylandtaxes.gov](http://www.marylandtaxes.gov):

- MeF Handbook for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns
- Maryland Individual Resident and Nonresident forms and instruction booklets
- Maryland Amended Individual Income Tax Forms (502X and 505X) and Instructions

The following publications are available on the FTA State Exchange System (SES):

- Maryland Letter of Intent (LOI)
- Maryland Individual Resident and Nonresident forms
- MeF Handbook for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns
- MeF Test Package for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns

## Contact information for E-File Help Desk

|                         |  |
|-------------------------|--|
| <b>Web Site</b>         | <a href="http://www.marylandtaxes.gov">www.marylandtaxes.gov</a> |
| <b>Email</b>            | <a href="mailto:efil@comp.state.md.us">efil@comp.state.md.us</a> |
| <b>Telephone number</b> | <b>410-260-7753</b>  |
| <b>Fax number</b>       | <b>410-974-2274</b>  |

The Comptroller of Maryland Web Site contains downloadable state forms and other information for Individual Resident and Nonresident income tax returns.

Contact the e-File Help Desk, by telephone, Monday through Friday, between 8:00 am and 5:00 pm E.S.T. **The Maryland e-File Help Desk telephone number should not be distributed to taxpayers as it is provided to assist tax professionals only.**

### **Mailing address:**

Revenue Administration Division  
Electronic Processing Section  
110 Carroll Street, Room 214  
Annapolis, Maryland 21411-0001

## **Other Comptroller of Maryland Contacts**

**For Tax Professionals:** Tax Professional Hotline: 410-260-7424

### **For Refund Inquiries:**

- Go to Comptroller of Maryland Web Site - [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and click on *Where's my refund?*
- Call the automated refund inquiry hotline at 410-260-7701 or toll free 1-800-218-8160
- Taxpayer Services 410-260-7980 or toll-free 1-800-638-2937

## Tax Preparer Registration Requirement by DLLR

A registration issued by the Maryland State Board is required to prepare Maryland individual income tax returns.

For more information see the Maryland Department of Labor, Licensing and Regulation Web Site at [www.dllr.state.md.us](http://www.dllr.state.md.us).

## Mandatory Tax Preparer e-File Requirement

Maryland House Bill 810, enacted into law on May 7, 2009, add 10-824 to the Maryland Tax-General Article, provides mandatory requirements for filing income tax returns electronically. This Act also adds Tax-General Article 13-717 to provide circumstances under which a penalty would apply for failure to comply with Maryland Tax-General Article 10-824.

This Act requires income tax return preparers who have prepared, for compensation, more than **100** Maryland individual income tax returns in the prior tax year to file all individual tax returns electronically.

This Act authorizes the Comptroller of Maryland to impose on a preparer a \$50 penalty for each return that is not filed electronically in compliance with this Act, unless the preparer is able to show that the failure to comply is due to reasonable cause and not due to willful neglect.

The taxpayer may opt out of having their income tax return filed electronically if the appropriate box is checked on the paper return.

A tax preparer may request a written waiver from the Comptroller of Maryland by email [efil@comp.state.md.us](mailto:efil@comp.state.md.us) or mail. The written waiver request must establish, to the satisfaction of the Comptroller, 1) either reasonable cause or 2) undue hardship due to lack of means to file returns electronically. The tax preparer must receive written approval of the waiver by the Comptroller of Maryland before he will be considered exempt from the law and any fines associated with non-compliance of this Act.

Written requests should be mailed to:

**Revenue Administration Division**

**Electronic Processing Section**

**PO Box 2364**

**Annapolis, MD 21404-2364**

A decision will be made within 10 business days of the request. A written response will be sent by either regular mail or email.

Any tax preparer whose request for waiver was denied may request an administrative review within 30 days from the date of denial. All requests for review should be sent to:

**Director, Revenue Administration Division**

**Tax Preparer e-File Appeal**

**PO Box 1829**

**Annapolis, MD 21404-1829**

## Electronic Filing Requirements for Form 500CR

Maryland mandates electronic filing of any of the following business tax credits claimed on Form 500CR:

- Enterprise Zone Tax Credit
- Health Enterprise Zone Hiring Tax Credit
- Maryland Disability Employment Tax Credit for Employees
- Job Creation Tax Credit
- Community Investment Tax Credit
- Businesses that Create New Jobs Tax Credit
- Qualified Vehicle Tax Credit
- Cybersecurity Investment Incentive Tax Credit
- Employer-Provided Long-Term Care Insurance Tax Credit
- Maryland Employer Security Clearance Costs Tax Credit
- Research and Development Tax Credits
- Biotechnology Investment Incentive Tax Credit
- Commuter Tax Credit
- Clean Energy Incentive Tax Credit
- Maryland-Mined Coal Tax Credit
- One Maryland Economic Development Tax Credit
- Oyster Shell Recycling Tax Credit
- Bio-Heating Oil Tax Credit
- Cellulosic Ethanol Technology Research and Development Tax Credit
- Wineries and Vineyards Tax Credit
- Film Production Activity Tax Credit
- Endow Maryland Tax Credit
- Aerospace, Electronics, or Defense Contract Tax Credit
- Preservation and Conservation Easements Tax Credit
- Apprentice Employee Tax Credit
- Qualified Farms Tax Credit
- Qualified Veteran Employees Tax Credit

## Certification Requirement

There are many additions, subtractions, refundable and non-refundable individual or business tax credits on Individual Resident and Nonresident returns which require PDF attachment(s) of supporting documentation or certifications.

If the required documentation is not attached, the credit **will** be denied.

EROs and Online Filers should consider using tax preparation software which has the ability to scan and transmit required certification(s) and supporting documentation by PDF with the electronically filed return. See the Software Vendor Status document at Comptroller of Maryland Web Site at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) for forms supported, and approved or testing status.

## Required certification(s) and/or supporting documentation

### Form 502CR

- Part A – Tax Credits for Income Taxes Paid to other states and localities. Attach a completed PDF copy of other income tax state and/or locality tax return(s) for which the tax credit is claimed on the Maryland return; for Maryland resident partners, shareholders or members of Pass-through entities who are part of a composite return filing and had taxes paid on their behalf, attach Maryland Schedule K-1 (510) or K-1 statement issued by the PTE indicating member's share of taxable income and tax liability. **When copies of other state or locality income tax returns are attached, schedules, worksheets, certifications or other documentation should not be included unless requested.**
- Part H – Community Investment Tax Credit. Attach PDF copy of certification from Department of Housing and Community Development (DHCD).
- Part I - Endow Maryland Tax Credit. Attach PDF copy of certification from Department of Housing and Community Development (DHCD).



- Part J – Preceptors in Areas with Healthcare Workforce Shortages. Attach PDF copy of certification from Department of Health and Mental Hygiene (DHMH).
- Part L – Local Tax Credit. Attach PDF copy of other state local or municipality return(s).
- Part M, Line 1 – Student Loan Debt Relief Tax Credit. Attach PDF copy of certification from Maryland Higher Education Commission.
- Part M, Line 2 – Heritage Structure Rehabilitation Tax Credit. Include Form 502S and attach PDF copy of Certification Application (Part 3) approved by the Maryland Historical Trust.
- Part M, Line 4 – IRC Section 1341 Repayment Credit. Attach PDF documentation that states that the taxpayer must make repayment and a copy of the document stating repayment was made.
- Part M, Line 5 – Flow-through Nonresident PTE tax. If beneficiary of a trust or a Qualified Subchapter S Trust for which nonresident PTE tax was paid: Attach PDF Form 1041 Schedule K-1 or Maryland Schedule K-1 (504) for the trust and a copy of Maryland Schedule K-1 (510) issued to the trust by the PTE. If a member of PTE(s) for which nonresident tax was paid: attach PDF Federal Schedule K-1 and Maryland Schedule K-1 (510) (or equivalent statement) issued to member and to the partnership, Limited Liability Company or S-Corporation, by the PTE.

### **Form 505**

- Form 505 Line 45 – Credit for Nonresident tax paid by PTE(s). Attach Maryland Schedule K-1 (510) as XML or PDF or other statement from the PTE.

### **Form 502S**

- Form 502S Line 1 – Credit for Heritage Structure Rehabilitation Tax Credit. Attach PDF copy of approved certification from Maryland Historical Trust (MHT).

## **Form 500CR**

- Form 500CR Part A – Enterprise Zone Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce or Department of Labor, Licensing and Regulation (DLLR).
- Form 500CR Part B – Health Enterprise Zone Hiring Tax Credit. Attach PDF copy of required certification from Maryland Department of Health and Mental Hygiene (DHMH).
- Form 500CR Part D – Job Creation Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part E – Community Investment Tax Credit. Attach PDF copy of required certification from Maryland Department of Housing and Community Development (DHCD).
- Form 500CR Part G – Qualified Vehicle Tax Credit. Attach PDF copy of required certification from the Maryland Motor Vehicle Administration (MVA).
- Form 500CR Part H – Cybersecurity Investment Incentive Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part J – Maryland Employer Security Clearance Costs Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part K – Research and Development Tax Credit(s). Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part L – Biotechnology Investment Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part N – Clean Energy Incentive Tax Credit. Attach PDF copy of required certification form Maryland Energy Administration (MEA).
- Form 500CR Part O – Maryland-Mined Coal Tax Credit. Attach PDF copy of required certification form Maryland Department of Assessments and Taxation (SDAT).
- Form 500CR Part P – One Maryland Economic Development Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.

- Form 500CR Part Q – Oyster Shell Recycling Tax Credit. Attach PDF copy of required certification from Maryland Department of Natural Resources (DNR).
- Form 500CR Part R – Bio-Heating Oil Tax Credit. Attach PDF copy of required certification from Maryland Energy Administration (MEA).
- Form 500CR Part S – Cellulosic Ethanol Technology Research and Development Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part T – Wineries and Vineyards Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part U – Film Production Activity Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part V – Endow Maryland Tax Credit. Attach PDF copy of required certification from Department of Housing and Community Development (DHCD).
- Form 500CR Part W – Aerospace, Electronics, or Defense Contract Tax Credit. Attach PDF copy of required certification from Maryland Department of Commerce.
- Form 500CR Part X – Credit for Preservation and Conservation Easements. Attach PDF copy of required certification from Board of Public Works (BPW).
- Form 500CR Part Y – Apprentice Employee Tax Credit. Attach PDF copy of the proof of enrollment for each eligible apprentice in a registered apprenticeship program and proof of the duration of the eligible apprentice's employment by the taxpayer must be included.
- Form 500CR Part Z – Qualified Farms Tax Credit. Attach PDF copy of all certificates issued by the Tax Credit Certificate Administrator.
- Form 500CR Part AA – Qualified Veteran Employees Tax Credit. Attach PDF copy of tax credit certification from the Maryland Department of Commerce.

## Suggested binary attachment (PDF) naming conventions

| <b><u>Form</u></b> | <b><u>Part</u></b>               | <b><u>PDF Reference Name</u></b>               |
|--------------------|----------------------------------|--|
| Form 502CR         | Part A                           | StateofXX.pdf (XX=2 letter state abbreviation) |
|                    | Part H                           | CreditCommInvest.pdf                           |
|                    | Part I                           | CreditEndowMd.pdf                              |
|                    | Part J                           | Preceptors.pdf                                 |
|                    | Part M                           | StudentLoanDebt.pdf (Line 1)                   |
| Form 500CR         | Part A                           | EnterpriseZone.pdf                             |
|                    | Part B                           | HealthEntZoneHir.pdf                           |
|                    | Part D                           | CreditJobCreation.pdf                          |
|                    | Part E                           | CreditCommInvest.pdf                           |
|                    | Part G                           | QualVehicle.pdf                                |
|                    | Part H                           | CybersecurityInvest.pdf                        |
|                    | Part J                           | MDEmployClearCosts.pdf                         |
|                    | Part K                           | CreditResearchDevelop.pdf                      |
|                    | Part L                           | BioTechInvIncentive.pdf                        |
|                    | Part N                           | CreditCleanEnergy.pdf                          |
|                    | Part O                           | CreditMDMinedCoal.pdf                          |
|                    | Part P                           | CreditMDEconDev.pdf                            |
|                    | Part P                           | CreditFinalCert.pdf                            |
|                    | Part Q                           | OysterShellRecycling.pdf                       |
|                    | Part R                           | BioHeatingOil.pdf                              |
|                    | Part S                           | CelluloEthTechResrchDev.pdf                    |
|                    | Part T                           | WineriesAndVineyards.pdf                       |
|                    | Part U                           | FilmActivityEmp.pdf                            |
|                    | Part V                           | CreditEndowMD.pdf                              |
|                    | Part W                           | AeroElectrDefCont.pdf                          |
| Part X             | PreservConservEase.pdf           |  |
| Part Y             | ApprenticeEmp.pdf                |  |
| Part Z             | QualifiedFarms.pdf               |  |
| Part AA            | QualVetEmployees.pdf             |  |
| Form 502S          | ApprvdHeritStrucRehabCertApp.pdf |  |

## **Software Participation**

Software companies new to Maryland e-File processing are required to contact the e-File Help Desk to obtain a MSID. Each software product developed must have a unique MSID hard coded into the XML for identification purposes.

All tax software used to develop and transmit electronic tax return data must be approved by the IRS and State of Maryland as part of the acceptance process. Software Developers and Transmitters are required to test their software programs annually. Participating Software Developers are to download Maryland schemas, business rules and test package from FTA SES to perform required testing. Software Developers must receive final approval before submitting production tax returns.

Maryland reserves the right to suspend the approval of a Software Developer who fails to comply with the guidelines in this publication, Maryland schema and business rules.

## SECTION 2                      The Filing Process

### What Can Be Transmitted Electronically

Maryland electronically filed returns consist of XML data and supporting PDF documents.

The filing of both the Form 502 Resident return and Form 505 Nonresident Income Tax returns for the same taxpayer for the same year can be accepted. Amended returns can be submitted as many times as necessary to correct omissions or changes to the original or amended filings.

The list following contains all forms that Maryland accepts electronically. Software Developers are not required to support all Maryland forms. A form marked with an asterisk (\*) is **required**. All other forms are optional at the discretion of the software developer.

- Form 502\* - Maryland Resident Income Tax Return
- Form 505 - Maryland Nonresident Income Tax Return
- Form 505NR - Maryland Nonresident Income Tax Calculation (with 505 only)
- Form 502CR - Maryland Personal Income Tax Credits for Individuals
- Form 502UP - Underpayment of Estimated Maryland Income Tax by Individuals
- Form 502INJ - Injured Spouse Claim Form
- Form 1099G/MD - Unemployment Compensation
- Form 502R - Source Description of Retirement Income
- Form 502SU - Maryland Subtractions from Income (with 502 only)
- Form 505SU - Maryland Nonresident Subtractions from Income (with 505 only)
- Form 502B - Maryland Dependents Information
- Form 588 - Direct Deposit of Maryland Income Tax Refund to More than One Bank Account

- Maryland Schedule K-1 (510) - Pass-Through Entity Members Information
- Form 500CR - Business Income Tax Credits
- Form 502S - Maryland Heritage Structure Rehabilitation Tax Credit
- Form 500DM - Decoupling Modification
- Form 502V - Use of Vehicle for Charitable Purposes
- Form 502D - Personal Declaration of Estimated Tax
- Form 502E - Application for Extension of Time to File Personal Income Tax Return
- Form 502X - Maryland Resident Amended Tax Return
- Form 505X - Maryland Nonresident Amended Tax Return

## Accepted Federal Forms

The following forms can be filed depending on the type of Maryland filing submitted:

- Form W-2 - Wage and Tax Statement
- Form W2-G - Statement for Certain Gambling Winnings
- Form 1099-MISC - Miscellaneous Income
- Form 1099-B - Proceeds from Barter and Barter Exchange Transactions
- Form 1099-DIV - Dividends and Distributions
- Form 1099-INT - Interest Income
- Form 1099-OID - Original Issue Discount
- Form 1099-K - Payment Card and Third Party Network Transactions

## Binary Attachments (PDFs)

A PDF file contains a taxpayer's business document associated with a Maryland submission. The Reference Document ID attribute should link the attachments to the appropriate location on the return.

## What Cannot Be Transmitted Electronically

The following types of returns are excluded from MeF filing:

- Returns with power of attorney currently in effect, requesting a refund to be sent to a third party
- Original return filings that are duplicate of previously accepted returns
- Returns containing a W-2 Form that requires a federal statement record because of "Overflow" for Box 14, 15, 17, or 19
- Composite Returns
- Returns containing more than 100 Maryland Schedule K-1 (510)

An XML copy of the actual Federal income tax return as filed for the corresponding tax period may be transmitted with Maryland Form 502 and 505 electronic filings. When filing Amended returns (502X and 505X), revised IRS documentation can be transmitted as a PDF document and may be required.

## Additional Documents

Additional non-electronic documents that e-File MeF software **must** generate:

- Form EL101 – e-File Declaration for Electronic Filers
- Form IND PV - Payment Voucher



## Form EL101

EL101 e-File Declaration for Electronic Filers for an Original or Amended return serves the following purposes:

- Authenticates the electronic portion of the return
- Authorizes the ERO to electronically file the tax return on behalf of the taxpayer(s)
- Provides a signature document

To prepare the EL101, complete the taxpayer's name, address and social security number in the spaces provided on the form. The following areas may also need to be completed:

- Part I, Tax Return Information (whole dollars only) must be completed for either a refund or amount due. This must be the same as reported on the electronically filed return.
- Part II, Taxpayer declaration and signature authorization. Taxpayers must sign Part II using handwritten or alternative signatures (rubberstamp, mechanical device, such as signature pen, or Computer software programs). The taxpayer(s) signature(s) and date are required. The Electronic Return Preparer must obtain the signature(s) of the taxpayer(s) prior to electronically transmitting the tax return to Maryland.
- Part III, Declaration of ERO (paid tax preparer) must contain the originator's EFIN/PIN, signature and date.

If the Electronic Return Preparer changes the electronic tax data after the taxpayer signature has been obtained on Form EL101, but before transmission of the electronic return to Maryland, a new Form EL101 must be prepared and signed by the taxpayer(s).

However, a new Form EL101 is not necessary if:

- None of the amounts included on the EL101 are changed
- The total tax, Maryland withholding, or the refund fields differ from the corresponding amounts on the electronic tax return by less than \$14
- The total income amount differs from the corresponding amount on the electronic tax return by less than \$50
- Such changes are limited to corrections within the above tolerances for arithmetic errors, transposition errors, misplaced entries and spelling errors

## List of documents that need to be retained with Form EL101

- Letters of Administration and/or death certificate for decedent taxpayer
- Copies of Forms W-2, W-2G, 1099s, and 1099G/MD with Maryland withholding
- Any Maryland supplemental forms or documentation not required to be attached with the returns electronic submission

An ERO must complete the EL101 and have it signed by the taxpayer(s) before electronically transmitting their return. By transmitting the electronic portion of the return the ERO certifies that the EL101 has been completed.

The ERO must retain a signed copy of the EL101 with applicable attachments for 3 years. These forms will be subject to verification by Maryland. When requested, the ERO will be required to provide copies within 10 business days.

The EL101 may be transmitted electronically as a PDF. The suggested PDF name is **MDEL101.pdf**.

## Expected Values for the State Submission Manifest

| <b><u>Form</u></b> | <b><u>Submission Type</u></b> | <b><u>Tax Year</u></b> |
|--------------------|-------------------------------|------------------------|
| 502                | MD502                         | 2017, 2016, 2015       |
| 502D               | MD502D                        | 2017                   |
| 502E               | MD502E                        | 2017                   |
| 505                | MD505                         | 2017, 2016, 2015       |
| 502X               | MD502X                        | 2017, 2016, 2015       |
| 505X               | MD505X                        | 2017, 2016, 2015       |

## Maryland Acknowledgments

**Accepted** – This acknowledgment indicates that 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 (it failed schema requirement or any of the business rules), the transmitter receives and acknowledgment from Maryland with error message(s). The acknowledgment contains codes and error messages indicating that cause of the rejection. The error condition must be corrected and the return retransmitted as a “State Only” transmission.

An e-Filed return is not considered filed until it has been acknowledged by Maryland as Accepted.

Acknowledgment files received must be retained for one year after return transmission.

## SECTION 3 Financial Transaction Information

### General Information

Filing a tax return is the responsibility of the taxpayer and filing returns electronically requires an agreement between the taxpayer and the ERO. The Comptroller of Maryland is not a party to this agreement.

### Refund Returns

Taxpayers have several options when entitled to a refund. A refund may be issued as a check, direct deposit or applied as estimated tax for the next year. Taxpayers may elect to have a portion of the refund applied as estimated tax for next year and the remaining amount issued as a check or direct deposit to checking or savings account(s) and/or savings bond purchase.

### Direct Deposit

The fastest and most efficient way to receive a refund is by direct deposit. The Comptroller of Maryland will make every attempt to process a direct deposit, but reserves the right to issue a paper check if the direct deposit cannot be made. The Comptroller of Maryland does not guarantee a specific date that a refund will be deposited into a financial institution account and cannot issue written notices to taxpayers to confirm direct deposits.

To comply with banking rules, taxpayers are asked to indicate on the tax return if the state refund is not going to an account outside the United States (International ACH Transactions). Any electronic returns received by Maryland that do not have the Not Foreign Bank Indicator present (indicating it is not an IAT) will be rejected.

A taxpayer may split his tax refund, and may select up to 3 qualified bank accounts by completing Form 588, Direct Deposit of Maryland Income Tax Refund to More than One Account.

**After a Maryland e-Filed return has been accepted for processing, the financial information cannot be changed or rescinded.**

Taxpayers can check the status of their refund by going to the Comptroller of Maryland Web Site and clicking on *Where's my refund?* or by calling the automated refund inquiry hotline, toll-free 1-800-218-8160 or 410-260-7701. Advise taxpayers to wait at least 10 days from acceptance of their return before calling Taxpayer Services at toll-free 1-800-638-2937 or 410-260-7980.

**Note: The Comptroller of Maryland is not responsible for a lost or misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance on the part of taxpayers, an ERO, a financial institution or any of their agents.**

## Refund Anticipation Loans (RALs)

A refund anticipation loan (RAL) is a loan based on the anticipated tax refund. **The Comptroller of Maryland does not support or prohibit RALs.** All parties to RAL agreements, including EROs, must ensure that taxpayers understand that RALs are interest-bearing loans.

**The Comptroller of Maryland is not responsible for any loss suffered by taxpayers, EROs or financial institutions due to processing delays, reduced refunds or direct deposits not being honored because a paper refund check was issued.**

If a taxpayer enters into a RAL agreement with an ERO, it is the ERO's responsibility to explain exactly how taxpayers may expect to receive their refund.

## Refund Delays

Advertised refund timelines should be conservative in the prediction of delivery dates. EROs must advise taxpayers of possible refund delays.

Delays may be caused when there are:

- Previous Maryland income tax liabilities
- Liabilities to any other Maryland state agencies
- Tax liabilities to other states
- Liabilities to the IRS or other federal agencies
- Previous Maryland return filings for the same year

- Discrepancies between the amount(s) of estimated payments claimed on the return and the amount posted to their account on file with Maryland
- Incorrect bank information provided for direct deposit

## **Balance Due Returns**

Individual income tax returns are due by April 17. An income tax return filed for a fiscal year is due the 15<sup>th</sup> day of the fourth month following the close of the fiscal year. If a tax return due date falls on a Saturday, Sunday or legal holiday, the return must be filed the next business day.

Taxpayers filing and paying electronically (credit card, direct debit (electronic funds withdrawal)) have until April 30 to make their electronic payment. If taxpayers file electronically and pay by check or money order, the payment must be made by the due date.

Payments can be made by Direct Debit (electronic funds withdrawal), Bill Pay (direct debit), and credit card through third party vendors Official Payments Corporation or NICUSA Inc., or check or money order. If paying by check or money order, the Form IND PV should be included and mailed to:

**Comptroller of Maryland  
Payment Processing  
PO Box 8888  
Annapolis, MD 21401-8888**

## **Electronic Funds Withdrawal (Direct Debit)**

The Electronic Funds Withdrawal payment option should be made available to taxpayers who electronically file a balance due return at the time of transmission. An electronic funds withdrawal may be made from the taxpayers' checking or savings account.

To comply with banking rules, taxpayers are asked to indicate on the tax return if the state liability will be satisfied from funds from an account outside the United States (International ACH Transactions). Any electronic returns received by Maryland that do not have the Not Foreign Bank checkbox selected (indicating it is not an IAT) will be rejected.

Taxpayers who file timely and pay electronically can choose a debit date up to April 30. Taxpayers who file and pay electronically after the due date must use a withdrawal date equal to the date of return submission. A partial payment can also be made.

If incorrect bank routing or account numbers are provided, a notice of tax due, interest, and/or penalty for late payment(s) will be sent.

## **Bill Pay (Direct Debit)**

Taxpayers may access the Comptroller's online Bill Pay application at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and initiate a direct debit payment from their checking or savings account. Those who filed a return electronically by the due date can select a payment date of April 30<sup>th</sup> or earlier. Taxpayers who file and pay electronically after the due date must use a withdrawal date equal to the date of return submission.

## **Credit Card Payments**

The credit card payment option is available to taxpayers who electronically file a balance due return.

Credit card payments through Official Payments Corporation may be made at [www.officialpayments.com](http://www.officialpayments.com).

Credit card payments can also be made through NICUSA Inc, but only online.

## **Check or Money Order**

Form IND PV – Payment Voucher must be provided to taxpayers who electronically file a balance due return and pay by check or money order. This form should be submitted with remittance by the due date of the return to:

**Revenue Administration Division**  
**PO Box 8888**  
**Annapolis, MD 21401-8888**





## **Software Developers**

Software Developers must test that their software adheres to schemas and business rules. Testing also ensures successful return transmission and acknowledgment retrieval. Software Developers should contact the e-File Help Desk prior to submitting their test returns and after they have successfully transmitted tests and retrieved acknowledgments.

Software product issues causing rejections should be quickly corrected and updates distributed promptly to users.

Failure to comply with any of these requirements will lead to suspension.

## **Timeliness of Filing**

When a due date falls on a Saturday, Sunday or legal holiday, the return must be filed the next business day.

Electronic Filers must ensure returns are filed timely. The electronic postmark bearing the date and time, GMT time format (in the Transmitter's time zone) created by the Transmitter will determine the timeliness. In order for the taxpayer to properly receive credit for a timely submission, a resubmitted return must include both State Original Submission ID Date and State Original Submission Id. This will help Maryland with automated processing and will make it easier to do additional research, if necessary. Any return not acknowledged as Accepted is not considered filed.

An original filing must be submitted within 72 hours of receiving the initial taxpayer information. If the preparation, collection or submission procedures result in delays, the taxpayer must be promptly notified.

Rejected returns must be resubmitted within 5 business days of receiving acknowledgment.

## **Amended Returns**

After an original electronic return is acknowledged as Accepted, it cannot be recalled, intercepted or changed. To change an entry on an accepted electronic return, an Amended electronic or paper return must be filed. A copy of the revised federal return must be included with Forms 502X and 505X by XML or PDF attachment.

## **Resubmission of Rejected Returns**

If a return is rejected, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours.

The retransmitted return must be filed by the later of the due date of the return or 5 business days after rejection.

It is the responsibility of the ERO to ensure that every return or report filed electronically is acknowledged as Accepted. If an electronic acknowledgment has not been received within 48 hours of Maryland's retrieval, the ERO should contact the e-File Help Desk.

If the electronic return cannot be corrected and retransmitted, a paper return should be filed and taxpayer informed. To be considered timely it must be filed by the later of the due date of the return or 10 business days after rejection. If filing a paper return after the due date, an explanation or copy of rejection return should be attached to the front of the return.

Maryland e-File privileges may be revoked for failure to provide timely correction of rejected returns.

## **Advertising Standards**

Electronic filers are required to comply with the advertising media communication and endorsement restrictions specified in the IRS Revenue Procedure for Electronic Filing of Individual Income Tax Return, Publication 1345 as it applies to Maryland.

Acceptance into the e-File program does not imply an endorsement by the Comptroller of Maryland. Any public communication that refers to a user's electronic filing capabilities whether through publication or broadcast must clearly indicate that their acceptance into the Maryland e-file program does not constitute an approval or endorsement by the Comptroller of Maryland and the quality of tax preparation services. No advertisement may state or infer that electronic filing changes in any way the return filing, payment or legal obligations of the taxpayer. Advertised refund timeliness should be conservative.

## Monitoring

Maryland will monitor the quality of filer transmission. If quality deteriorates, the electronic filer will receive a warning and in extreme cases, a letter suspending the electronic filer from the e-File program. Maryland will inactivate the EFIN and further processing of e-Filed returns will be suspended.

Electronic filers are expected to place taxpayers first in providing return preparation and transmission services. Taxpayers must always have convenient access to their tax returns regardless of changes in business names, location addresses, telephone numbers, organization or personnel. This includes but is not limited to access to the current status of the return and access to organization representatives to resolve any questions or concerns.

Maryland will advise electronic filers of problems originating in its branch offices. If there are repeated or continuing problems, the "parent" electronic filer will be required to drop that office from the e-File program. Failure to take corrective action will lead to the initiation of suspension against the "parent" electronic filer. When suspension is initiated, it will apply to all returns filed by an electronic filer including all branches.

## Suspension

Maryland reserves the right to suspend or revoke e-Filing privileges of any electronic filer who does not adhere to the requirements and specifications contained in the Maryland MeF e-File Handbook for Authorized e-File Providers.

Maryland also reserves the right to deny participation in the e-File program for the following reasons:

- If your company is required to register to conduct business in the state, but is not registered
- If your company has any outstanding liabilities with any other Maryland agencies
- If your company fails to adhere to the Maryland e-File Program requirements, business rules and schemas
- If your company has a high rejection rate
- If your company uses unethical practices in return preparation

## **Administrative Review**

All EROs, Software Developers or Transmitters who have been denied or suspended from participation in the Maryland e-File Program may request an administrative review within 30 days from the date of denial or suspension.

All requests should be mailed to:

**Director, Revenue Administration Division**

**Attn: e-File Appeal**

**PO Box 1829**

**Annapolis, Maryland 21404-1829**

## SECTION 5

## Software Design Information

### Developer Responsibilities

Software Developers are required to:

- Develop tax preparation software in accordance with statutory requirements and Maryland return preparation instructions
- Provide accurate Maryland income tax returns in correct electronic format for transmission
- Provide ability to produce a printed copy of the completed electronic return filing with Form EL101 which includes a “**Do Not Mail**” watermark on the printed forms
- Provide Form IND PV to customers who have a balance due and are not paying by direct debit
- Provide data validation, verification, and error detection within their software to prevent transmissions of incomplete, inaccurate or invalid return information
- Prevent electronic filing of any form not approved by Maryland
- Provide accurate and timely acknowledgments to the return filer

**Maryland strongly encourages the support of binary attachments (PDFs) to attach required documentation and certifications with returns.**

### General Information

Maryland will accept:

- Linked (Fed/State)
- Unlinked (State Only or Stand Alone)

**Linked** – A Maryland return can be linked to the IRS submission by including the Submission ID of the federal return (IRSSubmissionId) in the State manifest (StateSubmissionManifest). If the State submission is linked, the IRS will check to see if there is an accepted IRS submission with that Submission ID. If there is no an accepted federal return, the IRS will deny the State submission and an acknowledgement will be sent. If there is an accepted federal return, the IRS will validate certain elements of the State submission and provide it to Maryland.

**Unlinked** – If the Maryland return is not linked to a previously accepted federal return, the MeF system will validate certain elements of the state submission to Maryland.

**Note: The IRS recommends if a state submission is linked to an IRS submission, send the IRS submission first and after acceptance, send the state submission.**

Each return must be enclosed in a separate submission and multiple submissions may be contained in a single message. Data elements should be transmitted only if they contain data values. Do not send empty data elements (i.e. zero financial fields, unused elements, etc.) unless the data element is required by Maryland schemas. Detailed requirements for decimal placement in ratios and percentages are located within the Maryland schema.

## **Schemas and Business Rules**

All Maryland state schemas and business rules are available on the FTA SES. The schema and business rules include information on field type, field format, length, repeating group, and other edits. Developers should apply business rules to the appropriate data elements in the XML schema.

## Returns Form Sequence

| <b>Form 502</b> | <b>Form 505</b> | <b>Form 502X</b> | <b>Form 505X</b> |
|-----------------|-----------------|------------------|------------------|
| 502             | 505             | 502X             | 505X             |
| 502B            | 505NR           | 502B             | 505NR            |
| 502SU           | 502B            | 502SU            | 502B             |
| 588             | 505SU           | 502CR            | 505SU            |
| 502CR           | 588             | 502R             | 502CR            |
| 502R            | 502CR           | 502UP            | 502UP            |
| 502UP           | 502UP           | 1099G/MD         | 1099G/MD         |
| 1099G/MD        | 1099G/MD        | 502INJ           | 502INJ           |
| 502INJ          | 502INJ          | 500CR            | 500CR            |
| 500CR           | 500CR           | 502S             | 502S             |
| 502S            | 502S            | 500DM            | 500DM            |
| 500DM           | 500DM           | Sch K-1 (510)    | Sch K-1 (510)    |
| Sch K-1 (510)   | Sch K-1 (510)   | 502V             | 502V             |
| 502V            | 502V            | W-2              | W-2              |
| W-2             | W-2             | W-2G             | W-2G             |
| W-2G            | W-2G            | 1099-R           | 1099-R           |
| 1099-R          | 1099-R          | 1099-MISC        | 1099-MISC        |
| 1099-MISC       | 1099-MISC       | 1099-INT         | 1099-INT         |
| 1099-INT        | 1099-INT        | 1099-DIV         | 1099-DIV         |
| 1099-DIV        | 1099-DIV        | 1099-B           | 1099-B           |
| 1099-B          | 1099-B          | 1099-OID         | 1099-OID         |
| 1099-OID        | 1099-OID        | 1099-K           | 1099-K           |
| 1099-K          | 1099-K          |                  |                  |

## Acknowledgments

Maryland will always send state acknowledgments for test and production returns. Transmitters and Software Developers should contact the e-File Help Desk if the Maryland acknowledgment has not been made available within 3 business days after the Maryland return receipt was provided.

## **SECTION 6      Software Vendors Testing and Approval Information**

### **System Operation**

When Maryland returns are made available by the IRS, they are retrieved and then processed through the state e-File validation program. All returns will be acknowledged to the transmitter as Accepted or Rejected. A Rejected return will be acknowledged along with error messages. All Accepted returns are released to the accounting system.

### **Software Acceptance and Testing**

All tax software preparation and transmission software developers are required to test with Maryland to ensure their software adheres to Maryland schemas, successful transmission and receipt of acknowledgments.

Maryland testing is tentatively scheduled to begin in November for tax year 2017 in conjunction with the IRS. The MeF Test Package may be found on the FTA SES. Software Developers may submit test returns through 2017 until the IRS MeF test system shuts down. After March 31, 2018, the e-File Help Desk will not assist with testing and will not issue final approvals.



## Software Vendors Final Approval

For final approval, the Software Developers must transmit all test returns in one submission without errors.

The following non-electronic documents must be submitted before final approval by either email [efil@comp.state.md.us](mailto:efil@comp.state.md.us) or faxed to the attention of the e-File Help Desk at 410-974-2274:

- Form EL101 - e-File Declaration for Electronic Filing
- Form IND PV - Payment Voucher
- A copy of the acknowledgment received for your final tests
- The following screenshot of this consent language:

### **For Do-It-Yourself software:**

*By using a computer system and software to prepare and transmit return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the **Comptroller of Maryland**, as applicable by law, and to the transmission of my tax return(s).*

### **For Tax Professional software:**

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

A software developer successfully completing the state process will receive an approval letter by email and by mail.

## Attachments

### Attachment 1

#### **Maryland Counties, Incorporated towns, Cities and special taxing areas, Two Letter Abbreviations and 2017 Local County Tax Rates.**

| <b><u>County and/or Incorporated Cities</u></b> | <b><u>Abbreviation</u></b> | <b><u>Local tax rate</u></b> |
|---|----------------------------|------------------------------|
| ALLEGANY COUNTY                                 | AL                         | .0305                        |
| ANNE ARUNDEL COUNTY                             | AA                         | .0250                        |
| BALTIMORE COUNTY                                | BL                         | .0283                        |
| BALTIMORE CITY                                  | BC                         | .0320                        |
| CALVERT COUNTY                                  | CV                         | .0300                        |
| CAROLINE COUNTY                                 | CL                         | .0273                        |
| CARROLL COUNTY                                  | CR                         | .0303                        |
| CECIL COUNTY                                    | CC                         | .0280                        |
| CHARLES COUNTY                                  | CH                         | .0303                        |
| DORCHESTER COUNTY                               | DR                         | .0262                        |
| FREDERICK COUNTY                                | FR                         | .0296                        |
| GARRETT COUNTY                                  | GR                         | .0265                        |
| HARFORD COUNTY                                  | HR                         | .0306                        |
| HOWARD COUNTY                                   | HW                         | .0320                        |
| KENT COUNTY                                     | KN                         | .0285                        |
| MONTGOMERY COUNTY                               | MG                         | .0320                        |
| PRINCE GEORGE'S COUNTY                          | PG                         | .0320                        |
| QUEEN ANNE'S COUNTY                             | QA                         | .0320                        |
| ST. MARY'S COUNTY                               | SM                         | .0300                        |
| SOMERSET COUNTY                                 | SS                         | .0320                        |
| TALBOT COUNTY                                   | TB                         | .0240                        |
| WASHINGTON COUNTY                               | WH                         | .0280                        |
| WICOMICO COUNTY                                 | WC                         | .0320                        |
| WORCESTER COUNTY                                | WR                         | .0175                        |

## Attachment 2

### Allowable Dependent Relationships and Abbreviations

| <b><u>Relationship</u></b> | <b><u>Abbreviation</u></b> |
|----------------------------|----------------------------|
| Child                      | CH                         |
| Grandchild                 | GC                         |
| Grandparent                | GP                         |
| Parent                     | PT                         |
| Brother                    | BR                         |
| Sister                     | SR                         |
| Aunt                       | AT                         |
| Uncle                      | UL                         |
| Nephew                     | NP                         |
| Niece                      | NC                         |
| Son                        | SN                         |
| Stepson                    | SS                         |
| Daughter                   | DT                         |
| Stepdaughter               | SD                         |
| Foster Child               | FC                         |
| None                       | NN                         |
| Other                      | OT                         |

**Note: When indicating the individual relationship on Form 502B, use the above abbreviation table for relationship identification.**

## Attachment 3

### Deduction Methods

#### Resident Return Deduction Method – N

The letter "N" is entered in the "Deduction Method" field instead of "S" or "I" to indicate a special "Non-Taxable" return (less than the minimum-filing requirements). If Line 42 (refundable earned income credit) is present, Line 22 and 29 must also be present. Lines 17, 18 and 20 are the only lines that are not validated.

Contributions to the Chesapeake Bay and Endangered Species Fund, Developmental Disabilities Services and Support Fund, Maryland Cancer Fund and Fair Campaign Financing Fund may be entered on Lines 35-38 even when the Deduction Method is "N".

#### Nonresident Deduction Method – N

The letter "N" is entered in the "Deduction Method" field instead of "S" or "I" to indicate a special "Non-Taxable" return (less than the minimum-filing requirements).

Line 26a is the only line that is not validated.

Contributions to the Chesapeake Bay and Endangered Species Fund, Developmental Disabilities Services and Support Fund, Maryland Cancer Fund and Fair Campaign Financing Fund may be entered on Lines 38-41 even when the Deduction Method is "N".

**Note:** For Maryland Taxes Withheld in error nonresident returns – Form505/WithheldInError must be equal to "X", Form505/DeductionMethod should be "S", all Federal and NonMaryland information must be populated in Column 1 and 3 with Column 2 blank, and amount from Line 21, FAGI plus Maryland additions must be entered on Line 24, Total subtractions (Line 24 is not validated).

## Attachment 4

### State and Local wages/tax

The federal W-2 paper forms received by taxpayers from employers may sometimes differ in the way Maryland withholding is reported.

Maryland will honor state and local income tax withheld and state wage entries when the state name is "MD" in one entry only; otherwise, the W-2 will be disregarded for withholding purposes.

## Attachment 5

### State Retirement Pickup Amount

**"STPICKUP"** (State Retirement Pickup) represents the amount withheld for the Maryland State Retirement Fund. This amount is not taxable for Federal purposes, but taxable for Maryland purposes and is an "Addition to Income" on the Maryland Income Tax Return. The value should be reported on the Form W-2 in box 14 (other deductions/benefits amount) with the literal "STPICKUP" (other deductions/benefits type). The validation for the "STPICKUP" amount follows:

- If greater than zero, the total of the state pick-up amounts on all W-2s must be equal to the amount on Line 3 of Maryland Form 502 or must be included on Line 19 of Maryland Form 505 with the letter "G" in the code letter box

## Attachment 6

### **Exception Codes for Resident Form 502 and Nonresident Form 505**

200 – Injured spouse

221 – Married Filing Separately or Head of Household claiming spouse exemption

247 – Retransmission of previously rejected state e-File return

300 – Farmers and Fishermen

301 - Uneven income distribution exempt from UP interest

302 - Income taxable by another state exempt from UP interest

321 – Decedent

322 – Decedent dependent child without SSN

**506 - Used when amounts were withheld for nonresident sale of property**

588 – Splitting Direct Deposit into multiple bank accounts

912 – Combat Zone

333 – Returns for Multiple Years Filed at the same time

**Note: If code is highlighted, it is used only for the Nonresident Form 505**