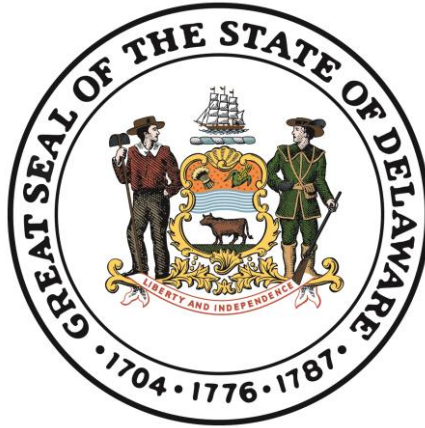# Delaware Division of Revenue

2018
Delaware Individual

MeF E-File Handbook

For Software Developers, Transmitters and EROs who file:

Delaware Individual Income Tax Returns
via the Federal/State MEF System

September 2018

State of Delaware
Division of Revenue
820 N. French Street, Wilmington, DE 19801

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SECTION 1
Instructions for Electronic Filing

Introduction

Delaware participates in the IRS Federal/State 1040 program. This allows the filing of both federal and state individual income tax returns using an XML format. The transmission method will be a Web service using Simple Object Access Protocol (SOAP), with attachments messaging.

Delaware began accepting production individual income tax, corresponding forms and schedules and declaration payments beginning spring 2012 by method of the Modernized e-File System (MeF). For this year, Delaware will accept tax year 2016, 2017 and 2018 individual income tax returns.

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

Important Form Information

Form 200-01

- Copy of federal return required to be attached to the state return should include all corresponding schedules.

Form 200-02

- Copy of federal return required to be attached to the state return should include all corresponding schedules.

Help Desk

EROs, transmitters and software developers who need assistance can contact the Delaware e-File Help Desk at any time by e-mail at REV_Mef_support@state.de.us.

The Delaware Division of Revenue's web site http://revenue.delaware.gov/ contains downloadable state forms and other information for Individual Tax e-File program participants. Our mailing address is:

<div align="center">

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Carvel State Office Building
820 N. French Street
Wilmington, Delaware 19801

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Software Acceptance and Participation

Software developers must test with and receive acceptance from Delaware before submitting live production returns. To receive final approval, the software developer must transmit all of the test returns, on one single transmission, without any error. All valid Delaware returns submitted from approved vendors will be accepted. A software developer who successfully completes the state testing process will receive a written verification upon completion of testing.

Software developers must provide the following information to the Delaware e-File Help Desk prior to submitting test transmissions:

- EFINs/ETINs (test and production) as assigned by IRS

- Contact person(s) name, telephone number, e-mail address

- Software Company name and business address

Software developers and other tax services providers must sign and submit the letter of intent prior to receiving access to any of the Delaware modernized e-file schemas, specifications and test packet.

Because of the difficulty in determining the appropriate vendor contact, we ask that software developers include the vendor's ATS contact information in the Paid Preparer Information Group of the State submission packet. Failure to do this may result in an additional delay in obtaining the results of the vendor's submission.

New for Tax year 2018

For tax year 2018, Delaware encourages software developers to request the confirmation of the previous year's state adjusted gross income and net refund or net balance due amounts.

One new contributions have been added to Schedule III. The new contribution is the Beau Biden foundation. Please note that the US Olympics is no longer available as a contribution option.

Publications

The following publications are available for your assistance:

- IRS Publication 4164 – Modernized e-File Guide for Software Developers and Transmitters

- 2018 Delaware Individual MeF e-File Handbook

- Delaware 2018 Individual Income Tax e-File Test Package

- Delaware individual tax forms for Resident Taxpayers (forms and instructions booklet)

- Delaware individual tax forms for Non-Resident Taxpayers (forms and instructions booklet)

SECTION 2

The Filing Process

What Can Be Transmitted Electronically

The Delaware electronic return will consist of data transmitted as well as supporting PDF and paper documents. In total, an electronic return contains the same information as a comparable return filed entirely on paper.

Following is a list of the XML forms that Delaware accepts electronically. Software developers are not required to support all of the forms that Delaware accepts electronically. Any form with an asterisk (*) is considered optional at the discretion of the software developer. EROs should take this into consideration when purchasing software and should verify with the software company that they will support the forms they desire to transmit electronically.

- Delaware Form 200-01 – Resident Individual Income Tax Return

- Delaware Form 200-02 – Non-Resident Individual Income Tax Return

- Delaware Form 1027 – Individual Income Tax Extension Form(*)

State Submission Manifest

The expected values for the State Submission Manifest are:

Form	Submission Type	Tax Year	Submission Category
Resident Form 200-01	200-01	2018	IND
Non-Resident Form 200-02	200-02	2018	IND
Extension Form 1027	1027	2018	IND

Copy of Federal Return Required

An XML copy of the actual federal income tax return with schedules as filed with IRS for the corresponding tax period must be attached to all form 200-01 and 200-02 tax filings. The Delaware filing will not be complete unless the required federal information is attached.

Additional Documents To Be Provided

Additional documents that Individual Tax e-File software **must** produce:

- Delaware Payment Voucher for filers with a balance due

- Delaware Computer Generated Declaration Form (DE-8453)

Delaware requires that certifications, supporting and signature documents be transmitted to Delaware electronic filing as a PDF documents. Please use the Reference Document ID attribute to link the attachment to the appropriate location on the return. All PDF attachments must be listed in the binary attachment portion of the return.

What Cannot Be Transmitted Electronically

The following types of returns are excluded from electronic filing:

- Non-calendar year returns

- Returns for tax years prior to 2016

- Amended or Corrected Returns

- Returns reporting a Delaware Lump Sum Distribution

- Returns on which the number of exemptions claimed does not match the number of exemptions listed on the federal return. The only exception to this ruling would be the Delaware additional exemptions for a taxpayer and/or spouse 60 years of age or older.

Acknowledgement System

Delaware generates an acknowledgement for all returns received. Acknowledgement types are:

Accepted – This acknowledgement indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required regarding the transmission. If additional information is needed to process the return, the taxpayer will be notified by mail.

Rejected – This acknowledgement indicates the electronic return was received but failed to complete the pre-entry validation process. The acknowledgement contains codes and error descriptions indicating the cause of the rejection. The error condition must be corrected and the return can then be re-transmitted as a "State-Only" transmission.

Acknowledgement files received must be retained for one year after transmission.

SECTION 3

Other Situations

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.

Refund Returns

Taxpayers can elect to have their overpaid taxes issued in the form of a refund check or direct deposited into any eligible financial institution of their choice. Taxpayers may choose to have all or part of their refund applied to their estimated tax account for the next year.

The Division of Revenue will make every attempt to process a direct deposit, but reserves the right to issue a paper check if the direct deposit cannot be properly completed. Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The State of Delaware is not responsible for a lost refund if the wrong information was entered.

The average time that it takes for a refund to be generated from our accounting system is approximately two to five business days after the electronic return has been acknowledged by Delaware as being accepted provided no additional documentation is required.

Balance Due Returns

Taxpayers who file their return electronically can elect to pay their balance due by three different methods.

- Direct debit (electronic funds withdrawal), for a full or partial payment when filing their return and choose a debit date up to the due date of the return.

- On-line Electronic Funds Transfer (EFT) ACH Debit.

- Check or money order accompanied by a payment voucher.

Form Information

Because Delaware uses an OCR based processing system, we ask that if software developers cannot reproduce our forms exactly - with the field borders in 25% black - then please omit the field borders completely from all Delaware forms.

SECTION 4

Responsibilities of EROs and Transmitter

Confidentiality

The Delaware Division of Revenue 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.*

The Delaware Division of Revenue 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. More information on these standards is available at https://www.irs.gov/e-file-providers/safeguarding-irs-efile1

Timeliness of Filing

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

All authorized Delaware EROs must ensure that returns are promptly processed. An electronically filed return is not considered filed until the electronic portion of the tax return has been acknowledged by Delaware as accepted for processing. If the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, but the ERO and the taxpayer comply with the requirements for timely resubmission of a correct return, the return will be considered timely filed.

The receipt of an electronic postmark will provide taxpayers with confidence that they have filed their return timely. The date of the electronic postmark is considered the date of filing when the date of electronic postmark is on or before the prescribed due date and the return is received by Delaware after the prescribed due date for filing. All requirements for filing the required documents, including the federal return, as well as resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

Resubmission of Rejected Tax Returns

Delaware monitors the timeliness of the error correction process when an error acknowledgement is sent. Failure to provide timely correction or erroneous returns can cause a revocation of privileges.

If an electronic acknowledgement has not been received within forty-eight (48) hours of our scheduled retrieval process for any transmitted return/report, the ERO should contact the Delaware helpdesk for further instructions. **It is the responsibility of the ERO to ensure that every return/report filed electronically is acknowledged as accepted.**

SECTION 5

Software Design Information

Developer's Responsibilities

Software developers should:

- Develop tax preparation software in accordance with statutory requirements and Delaware return preparation instructions.

- Provide accurate Delaware income tax returns in correct electronic format for transmission.

- Develop software capable of producing a printed copy of the complete electronic filing which includes a *"Do Not Mail"* watermark on the forms printed, as paper documents are not to be sent to Delaware, when filing electronically unless the taxpayer is specifically requested to do so.

- Provide data validation, verification, and error detection to prevent transmissions of incomplete, inaccurate or invalid return information.

- Prevent electronic filing of any form not approved for electronic filing by Delaware.

Software Acceptance, Testing and Approval

Software developers are required to test with Delaware for accuracy and to ensure that their software adheres to Delaware business rules and to ensure successful transmission and receipt of acknowledgements. EROs must use tax preparation software that has been approved for use by Delaware.

Software developers will use the Fed/State 1040 schema which has been developed by states in partnership with the IRS, state revenue departments, and software developers, as well as the Delaware schema.

Developers should follow instructions from the tax forms to calculate the appropriate data elements in the XML schema.

The e-File test package will consist of documentation of special test conditions as well as copies of the state test returns, and will be made available to all software developers who indicate their intention to support Delaware Individual Tax e-File.

Delaware's starting test date is tentatively scheduled to begin November 2018 for tax year 2018 but is subject to IRS system availability and is subject to change. *Software developers may submit test returns for timely acceptance testing through January 31, 2019. After January 31, 2019, software developers must request approval from the Delaware Division of Revenue to conduct acceptance testing for 2018 Individual Income Tax.* To request approval for late acceptance testing, vendors should contact the Delaware e-File Help Desk at any time by e-mail at REV_Mef_support@state.de.us.

Software developers should contact the MeF Individual Tax Help Desk prior to testing and again after they have successfully tested and retrieved their acknowledgement.

If the software developer is not acting as the ERO, the software developer is responsible for providing acknowledgements to the ERO within two days after receipt of acknowledgement. Failure to do so could lead to suspension from the Delaware Program.

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

To receive final approval, the software developer must transmit **ALL** test returns, in one single transmission, without error. At that point, the software developer must send to Delaware, a copy of the acknowledgement forwarded to inform the taxpayer whether the return was accepted or rejected **by the State** and information on the method required for re-transmission of the corrected return. A software developer who successfully completes the state testing process will receive a written confirmation upon completion of testing.

General Information

Delaware will accept the following types of filing:

- Fed/State Original

- State only

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

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

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

Detailed requirements for decimal placement in ratios and percentages are in the Delaware's state- specific schemas.

Software Developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal can be made from the taxpayer's checking or savings account. The taxpayer can choose the date that they want the amount owed withdrawn from their account up to the due date of the return. Returns electronically filed after the due date of April 30, 2019 using electronic funds withdrawal must use a withdrawal date equal to the date of return preparation. The electronic funds withdrawal will then occur immediately after the electronic return is accepted. Partial payments can be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Delaware Division of Revenue. Therefore, any public communication that refers to a user's electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the use for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by the Delaware Division of Revenue. No advertisement may state or infer that electronic filing changes in any way the filing, payment, or legal obligations of the taxpayer.

Delaware will monitor the quality of the transmissions. Accepted returns will be monitored along with rejects, errors and other defects. If quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic individual tax returns. When suspended, the retrieval process will be inactivated halting further processing of individual tax electronic returns.

Electronic filers and EROs are expected to place the taxpayer first in providing return/report preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return/report. 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.

Suspension

Software Developers, Transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy in order to participate in the Delaware Individual Tax e-File program.

All Software Developers and EROs must comply with the requirements and specification contained in the Delaware Individual Tax e-File Handbook. Failure to comply with all requirements and specifications could result in being suspended from the program.

Additionally, Delaware reserves the right to deny participation in our program for the reasons listed below:

- If your company is required to register to conduct business in the state, but company is not registered

- If your company has any outstanding liabilities with the state

- If your company fails to adhere to the state Individual Tax e-File program requirements and schema

- If your company does not consistently provide error free returns

- If your company uses unethical practices in return preparation

Administrative Review

Any applicant or filer who has been denied or suspended from participation in the Individual Tax Electronic Filing Program may request an administrative review within 30 days from the date of denial or suspension. All requests should be mailed to:

Jennifer R. Hudson, Esq.
Director
Delaware Division of Revenue
820 N. French Street
Wilmington, DE 19801

Schemas, Specifications and Test Returns

For more information and our XML schemas, look for Modernized e-file on the Software Developer's page of our website, http://revenue.delaware.gov/, or go directly to https://revenue.delaware.gov/software-developer/2018-vendor-registration/.