Arkansas
Letter of Intent
Composite Income Tax Returns

Complete this form to request approval from the **Arkansas Income Tax** to provide tax preparation software for electronic and paper forms submission. By completing this form, you agree to comply with all national security summit standards and requirements in addition to the specific state requirements identified in this registration form. If your submitted form is not complete we will deny your request.

Complete a new registration form for each software product your company offers. ATS and Substitute form results will not be sent until a completed registration is received by the Arkansas Electronic Filing Group.

MODERNIZED EFILE (MeF):

Arkansas income tax form: AR1000CR

SUBSTITUTE FORMS:

Arkansas income tax form: AR1000CR

COMPANY INFORMATION:

Company Name:_____   DBA Name:_____
Address:_____
City, State & Zip:_____
Company FEIN:_____
Website Address (URL):_____
NACTP Member ID:_____

PRODUCT INFORMATION: (Only one product per letter of intent)

Product Name:_____

Type of Software Product: ☐ Professional Product (Desktop)   ☐ Professional Product (Web-Based)
    Online Products: ☐ Consumer Product (Desktop)   ☐ Consumer Product (Web-Based)

Arkansas Issued Software ID: _____
(From previous year or if new product Arkansas will issue the new software id)

Testing ETIN(s):_____
Production ETIN(s):_____
Testing EFIN(s):_____
Production EFIN(s):_____

MeF Support

The contact(s) listed below will receive via e-mail: the e-file publications, schemas, business rules, ATS results, and the software approval letter.

Primary Contact:

Name:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Secondary Contact:

Name:_____
Phone Number (United States Only): _____
E-Mail Address:_____

Additional Contacts:

Name:_____
E-Mail Address:_____

Name:_____
E-Mail Address:_____

Name:_____
E-Mail Address:_____

Substitute Forms Support

Arkansas forms will not be posted to the Arkansas draft website. Once the LOI has been received, the Arkansas draft forms will be emailed.

Primary Contact:

Name:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Secondary Contact:

Name:_____
Phone Number (United States Only): _____
E-Mail Address:_____

Customer Support

We receive multiple phone calls every year from taxpayers and tax preparers requesting the contact information for the software product their using. The information below will not be posted on our website. Our representatives will provide the caller with the information provided to us.

Taxpayer Customer Support:

Name:_____
E-Mail Address:_____

Tax Preparer Customer Support:

Name:_____
E-Mail Address:_____

National Security Summit Standards and Requirements

National standards have been developed to protect taxpayers from identity theft tax refund fraud. You are agreeing to adhere to all IRS, State, and Industry Security Summit guidelines as a condition of providing tax software product(s) to taxpayers and tax professionals for individual and business income tax Modernized e-File (MeF).

Standards in this section apply to all Do It Yourself (DIY) Consumer and Professional, Paid Preparer Products, tax professional, and volunteer (VITA) products.

Note: Items highlighted in blue indicate a national security summit standard or requirement document. A comprehensive list of those documents is also provided at the end of this document.

Authentication Data Elements

Nationally identified *Authentication Data Elements* in the state e-standards schema sets have been established to identify and authenticate a taxpayer and prevent identity theft tax refund fraud (see "National Security Summit Standards and Requirements Documents"). Tax Software Providers are required to transmit all data elements included in the *state authentication data elements* when available. If you are not providing all data elements you must explain what you are not providing and why you are unable to provide them in the space provided below. Attach a separate sheet if necessary.

Authentication Trusted Customer Requirements

Nationally identified minimum *Industry Trusted Customer Requirements* have been established to authenticate the customer logging in and prevent identity theft tax refund fraud (see "National Security Summit Standards and Requirements Documents"). Tax Software Providers are required to adhere to the minimum standards. You must verify that you are adhering to minimum standards in the space provided below.

1. Describe the process in which the new and returning tax professionals gain access to use your product. Attach a separate sheet if necessary.

2. How do you use out-of-band verification practices for your customer account verification process? Please describe what you do and how it is used. Attach a separate sheet if necessary.

3. Do you meet nationally recognized standards for implementing customer account authentication by using:

   a. The standards identified in the Identity Authentication section of the 2017 Industry Trusted Customer Requirements? Please explain how you meet those standards.
   Attach a separate sheet if necessary.

   b. An equivalent standard for identity authentication that meets or exceeds the minimum requirements? If yes, please describe your proposed process. Attach a separate sheet if necessary.

4. For the Online Do-It-Yourself software, when there is more than one account using a Primary and/or Secondary SSN this or the previous year:

   a. Do you notify both account holders that the SSN is used within another account for the current and previous year? (This also requires including the appropriate authentication review code within the return schema when the SSN is used in another account for the current and previous year.) Or

   b. Do you notify both account holders that the SSN is used within another account only for the current year? (This also requires including the appropriate authentication review code within the return schema when the SSN is used in another account for the current and previous year.)

Information Sharing

Nationally identified *Information Sharing* standards for analyzing and reporting questionable activity associated with identity theft tax refund fraud have been established (see "National Security Summit Standards and Requirements Documents"). You are required to provide regular leads reporting according to the information sharing requirements.

Rapid Response Process:

Nationally identified *Rapid Response* procedures have been established (see "National Security Summit Standards and Requirements Documents"). When industry, states, or the IRS discover an incident or threat of significance in the tax ecosystem, the rapid response process must be activated.

Tax software providers should:
- Conduct initial analysis and immediately take steps to block or contain any threat.
- Share detailed information with the impacted states as soon as it becomes available and permitted by applicable laws, regulations, and relevant information sharing agreements.
- Initiate the rapid response team per the Rapid Response document.

Note: If the tax software provider fails to timely notify the affected state of a significant, escalating issue, their ability to submit returns to the state may be removed.

Safeguarding e-file/Information

Nationally recognized rules and standards to safeguard e-file from fraud and abuse have been established.

All Individual (1040 family) return providers must adhere to the Safeguarding E-File Standards as outlined in IRS Publications 1345.

All business return providers must adhere to the "MeF Rules Protecting Taxpayer Information" and "Safeguarding MeF Data from Fraud and Abuse" sections of IRS Publication 4163. This includes sections 2.3, 2.4 and 2.5 of the publication.

Note: If the tax software provider fails to adhere to these rules and standards as published by the IRS for the respective return types submitted to the **Arkansas Income Tax Section**, their ability to submit such returns to the **Arkansas Income Tax Section** may be removed. This includes reporting security-related incidents to the **Arkansas Income Tax Section.**

Strategic Threat Assessment & Response (STAR)

Nationally identified *Security Control* standards have been established (see "National Security Summit Standards and Requirements Documents"). Tax software providers must adhere to these security controls. Please provide an answer to the question listed below. Attach a separate sheet if necessary.

1. Have you implemented the current requirements defined in the Security Control standard? At what level will your company implement the STAR security controls for the filing season? If no, please provide an explanation of your current progress and remediation plans. Please provide documentation to validate your statement.

2. Have you implemented controls beyond the first year's requirements? If yes, please explain what you've implemented.

National Disclosure and Use of Information Standards

Nationally established language has been developed for the disclosure and use of information related to filing a tax return. This section provides the language to which tax software providers must adhere.

Tax Service Provider Definitions

In this section, "tax services provider" is defined three different ways:

An **Electronic Return Originator (ERO)** is authorized IRS e-file Provider that originates the electronic submission of returns to the IRS.

- A **Software Developer** is 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 the state. A Software Developer may also sell its software.

- A **Transmitter** is an authorized IRS or state e-file Provider that transmits the electronic portion of a return directly to the IRS or the 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 the state via a public switched telephone network.

Note: A tax services provider may serve its customers in more than one of these roles.

Disclosure and Use of Information Language:

A tax services provider may use any tax return information provided by a taxpayer, for the current or prior tax years, for the purpose of identifying a suspicious or potentially fraudulent return that claims to be from, or related to, that taxpayer. For these purposes, "tax return information" means any and all documents or materials that the tax services provider uses in the course of the return preparation and submission process that are provided by the taxpayer or that are required by the taxing authority that the tax services provider uses in the course of the return preparation and submission.

Tax service providers must produce analytic compilations of federal and state tax return and submission information that directly relate to the internal management or support of the tax services provider's business, which must include aggregated data compilations to identify potentially fraudulent behaviors or patterns.

Tax services providers must disclose the compilations of tax information to Arkansas through IRS secure data transmission on at least a weekly basis and identify by use of federal and state submission IDs any return the preparer believes is potentially fraudulent.

In addition, if a tax services provider has a bona fide belief that a particular individual's activity, violated a state or federal law, the tax services provider must disclose that individual's tax return information to the **Arkansas Income Tax Section**.

The following consent language must be added to electronic filing software to notify the user of the use of this information.

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 **Arkansas Income Tax Section**, 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 <u>my client's return</u> 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 **Arkansas Income Tax Section**, as applicable by law.*

For Business software:

*By using a computer system and software to prepare and transmit this business return electronically, I consent to the disclosure of all information pertaining to the user of the system and software to create this business return and to the electronic transmission of this business tax return to **Arkansas Income Tax Section**.*

National Security Summit Standards and Requirments Documents:

The most recent version of national security summit standards and requirements documents referenced below are available to states through the Federation of Tax Administrators (FTA) Website for state revenue agencies, and through the State Exchange System (SES) for industry partners approved by a member state. You must be given permissions within the State Exchange System to view the below documents. Once you have been granted access, your company's authorized user(s) will receive an email notification. States directly grant access to state-specific documents, and FTA will grant access to national security summit documents for a given industry partner at a state's request

- Authentication Data Elements - located within state schemas
- Information Sharing - located within the national security summit folders
- Rapid Response Procedures - located within the national security summit folders
- Security Control Standards - located within the national security summit folders
- Industry Trusted Customer - located within the national security summit folders

State Questions, Requirements, and Standards

This section represents the state-specific requirements and standards for tax software providers.

Standards and Requirements for Transferring Data Year over Year

Transferring data year-over-year that is not initially entered accurately causes issues with processing tax returns. The following items should not be transferred year over year:

- State driver's license data elements.
- State withholding account numbers.
- Bank account numbers.
- Taxpayer's address.

State Specific Question

1. What refund products or payment vehicles do you offer your customers? If you partner with an entity to provide refunds (e.g. Amazon.com or other pre-paid cards), please provide the names and bank routing numbers (RTNs) of each company. Attach a separate sheet if necessary.

Data Breach Reporting

All software providers executing this agreement are subject to the data breach security laws and/or regulations of the **Arkansas Income Tax Section**, including but not limited to provisions regarding who must comply with the law, definitions of "personally identifiable information", what constitutes a breach, requirements for notice, and any exemptions.

Signature:

As the representative of the above named organization, I agree, on behalf of the organization, to comply with all requirements listed above. Furthermore, by signing this agreement, my organization is agreeing to all of the requirements listed above. The **Arkansas Income Tax Section** reserves the right to revoke approval acceptance of any company and thereby refuse to accept any additional returns from such software company that does not adhere to above stated requirements.

If approved as an **Arkansas Income Tax Section** provider, I agree to provide true, accurate, current, and complete information about my company. I understand that if I provide any information that is untrue, inaccurate, obsolete, or incomplete, the Arkansas Income Tax Section has the right to deny, suspend, or terminate my account.

SIGNATURE OF AUTHORIZED REAPRESENTATIVE	DATE

PRINT NAME	TITLE

EMAIL ADDRESS	PHONE NUMBER

To Send Electronically:
- Scan the completed and signed document and email to the Arkansas Electronic Filing Section: **arefile@dfa.arkansas.gov**

To Fax:
- Arkansas Electronic Filing Section (501) 682-7393