State of Arkansas
Department of Finance and Administration
Income Tax Administration

Composite Income Tax Letter of Intent

Tax Year 2020

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Due Date: November 30th

REVISIONS

Letter of Intent, Page 1

- LOI deadline date changed
- ATS deadline date changed

NOTE: If additional time is needed, please send your request to: Arefile@dfa.arkansas.gov

Table of Contents

This Letter of Intent (LOI) sets forth the specific questions, requirements, and standards for tax software providers for the **Arkansas Department of Finance and Administration, Income Tax Administration**. By submitting this Letter of Intent (LOI) to the **Arkansas Department of Finance and Administration, Income Tax Administration**, you are agreeing to meet our standards for software provider registration, all tax preparation software, and substitute forms.

Failure to meet the standards or requirements set forth in this LOI may result in the denial of your application or the removal of your organization as an approved software provider, and the rejection of all electronic or paper returns submitted using your products.

The **deadline** to submit your Letter of Intent is **November 30th**. This form must be completed and submitted to: Arefile@dfa.arkansas.gov

You must complete a separate LOI form for each unique product your company offers. If you submit an incomplete form, your request to participate in electronic or paper submissions may be denied. ATS and Substitute form results will not be sent until a completed registration is received by the Arkansas Electronic Filing Group.

MODERNIZED EFILE (MeF): (ATS **deadline** is **March 31st**)

Arkansas income tax form: AR1000CR ☐ Check if product does <u>not</u> support efile

SUBSTITUTE FORMS: (Substitute forms and voucher approval **deadline** is **January 1st**)

Arkansas income tax form: AR1000CR

COMPANY INFORMATION:

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

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

Product Name:_____

Type of Software Product:
☐ DIY/Consumer (Web-Based)   ☐ Professional/Paid Preparer (Web-Based)

☐ DIY/Consumer (Desktop)   ☐ Professional/Paid Preparer (Desktop)

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):_____

Support Contacts

MeF Support

ATS results and the software approval letter will be sent to the contact(s) listed below via e-mail. We do not send ATS results and approval letters to developers not listed.

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

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

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

Forms Support

Arkansas forms will **not** be posted to the Arkansas draft website.

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

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

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

Regulatory/Compliance Support

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

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

Leads Reporting Support

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

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

Authorized access to the State Exchange System

Please provide information for the employees you are authorizing to have access to the State Exchange System.

Please attach additional sheet with authorized users if necessary. The list you provide must include the information requested in the lines below.

NOTE: If the individuals are the same as what you've listed on the first page, please include them in this section as well.

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Company Name:_____
First and Last Name:_____
Email Address:_____
Phone Number:_____
Authorized Access: ☐ Forms ☐ E-file

Rebranded Software Products

Complete this section only if your product is rebranded.

In order for the software to be considered rebranded, changes cannot be made to the software requirements and output(s). As the Software company selling and/or licenses your product to a third-party, it is your responsibility to make sure the rebranded product reflects the current software requirements and output(s). Enter the appropriate class code for the rebranded product on the class code line below.

- **Class Code 1:** Software products sold/licensed to a third-party user and the third-party user has the ability to add their own logos and/or splash screens. They cannot modify calculations in the program.

- **Class Code 2:** Software products sold/licensed to a third-party user and the third-party user has the ability to alter/change calculations in the program.

Rebranded Product Name:_____ Class Code:_____ ETIN:_____
Contact Person:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Rebranded Product Name:_____ Class Code:_____ ETIN:_____
Contact Person:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Rebranded Product Name:_____ Class Code:_____ ETIN:_____
Contact Person:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Rebranded Product Name:_____ Class Code:_____ ETIN:_____
Contact Person:_____
Phone Number (United States Only):_____
E-Mail Address:_____

Rebranded Product Name:_____ Class Code:_____ ETIN:_____
Contact Person:_____
Phone Number (United States Only):_____
E-Mail Address:_____

*If there are more than 5 software products that have rebranded under a different name, please list them on a separate sheet and attach with your LOI submission.

For Rebranded Products, the Arkansas Department of Finance and Administration, Income Tax Administration has the following requirement for paper forms and/or e-File ATS approval:

- Rebranded Products with class code 2 are required to complete the full e-file ATS/paper form approval process

Forms and Schedules Supported

Place a checkmark in the box next to each form to indicate that your software product supports the Arkansas return/schedule/feature within your software. Arkansas requires software companies to support print versions of any return or schedule that is supported within e-File.

If the software product only supports a basic version of tax return and does not support the more complex schedules, place an "N/S" in the e-File column to indicate the schedule is "**N**ot **S**upported" within the product.

Note: Arkansas requires the forms listed below to be submitted for review and approval.

Required to be Supported: ▉ - Required to be supported for paper and e-File.

COMPOSITE INCOME TAX			
AR Forms & Schedules	**Arkansas Description**	**e-File**	**Print**
AR1000CR	Composite Tax Return	▉	▉
AR K-1	Owner's Share of Income, Deductions, Credits, Ect.	▉	▉
AR K-1FE	Owner's Share of Income, Deductions, Credits, Ect.	▉	▉
AR8453-CR	Declaration for Electronic Filing	▉	
AR1000-CRV	Composite Filer Tax Payment Voucher	▉	▉
AR1055-CR (Voucher)	Request for Extension of Time For Filing Composite Tax Returns	▉	▉

Optional Supported Forms: Check all that apply.

COMPOSITE INCOME TAX			
AR Forms & Schedules	**Arkansas Description**	**e-File**	**Print**
AR1055-CR (Form)	Request for Extension of Time For Filing Composite Tax Returns		
AR TAX PMT	Arkansas Income Tax Payment		
AR EXT PMT	Arkansas Extension Payment		
AR EST PMT	Arkansas Estimated Tax Payment		
AR1000CRES	Composite Estimated Tax Declaration Vouchers		

Agency Requirements

This section identifies agency requirements expectations for communicating information to users of the software product.

Issue Notification and Resolution Requirements

This section represents the **Arkansas Department of Finance and Administration, Income Tax Administration** issue notification and issue resolution standards.

Notify by email (AREfile@dfa.arkansas.gov) or call (501) 682-7925 with information regarding any incorrect and/or missing calculation or e-File data element for any paper or electronically returns submitted to the **Arkansas Department of Finance and Administration, Income Tax Administration.**

Production Return Submission Requirements

All returns generated from this software must be electronically filed or printed from the initially approved software or a subsequent product update.

Product Update Requirements

Users/customers of desktop products who attempt to file 10 or more business day after a production release, must be required to download and apply the product update.

Schema Requirements

Your software must adhere to the schema requirements included in the authentication and return header. Agency schema information and requirements can be found on the State exchange system.

Testing and Submission Requirements

All e-file ATS and substitute forms tests submitted during the approval process must be created in, and originate from, the actual software.

System Security Requirements

You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. This includes but is not limited to when it is on-line, off-line, at rest, and in transit. The **Arkansas Department of Finance and Administration, Income Tax Administration** does not prescribe the security requirements for your system. Cyber security resources such as the National Institute of Standards and Technology or the Department of Defense Security Technical Implementation Guide are examples of national resources available to assist you with this process.

Agency Requirements (Continued)

Validation of Specific Data Element Requirements

This section represents **Arkansas Department of Finance and Administration, Income Tax Administration** requirements for validation of specific data elements.

Software Vendors cannot release Arkansas income tax forms in software products until approval has been received by the State of Arkansas.

Arkansas income tax returns cannot be prepared nor can taxpayers receive an "early look" until all new year changes have been updated to the software product.

All updates must be updated in the tax software before allowing printing of tax returns.

All software products must have a two step verification for all routing and account numbers.

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
- Bank account numbers
- State identity PIN's

Do not mask or truncate taxpayer information

Data Breach Reporting

All software providers executing this agreement are subject to the data breach security laws and/or regulations of the **State of Arkansas and the Department of Finance and Administration** noted below, 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.

Arkansas Code Title 4 Business and Commercial Law / Subtitle 7 Consumer Protection

- Chapter 110 Personal Information Protection Act / A.C.A. § 4-110-101 – 108
- https://arkansasag.gov/consumer-protection/identity/column-one/security-or-data-breach/

Software providers who discover an internal or client data breach must notify the State of Arkansas within twenty-four (24) hours. The notification must include all information available with regard to the clients and/ or users affected. Notifications can be sent to Arkansas Electronic Filing Section using the following contact information:

- **Phone:** (501) 682-7925 or (501) 682-2194
- **Email:** arefile@dfa.arkansas.gov

Customer Communications

This section identifies information **Arkansas Department of Finance and Administration, Income Tax Administration** is requiring the software providers to communicate with customers.

Disclosure and Use of Information Language Expectations

The following consent language must be added to electronic filing software to notify the user.

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 Department of Finance and Administration, Income Tax Administration**, 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 **Arkansas Department of Finance and Administration, Income Tax Administration,** 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 Department of Finance and Administration, Income Tax Administration.***

State Driver's License/ID Card Expectations - (Individual Income Tax Only)

Arkansas Department of Finance and Administration, Income Tax Administration is providing the following expectations and information:

For e-File returns:

Arkansas wants to receive the DL/ID Card with the tax return

For printed/paper forms requesting the DL/ID Card Information:

Arkansas requests the full DL/ID Card Information on the form(s)

Arkansas Department of Finance and Administration, Income Tax Administration is providing a URL and/or a statement for the DL/ID Card. All Do It Yourself (DIY) and Tax Professional software packages must include this information in your software. The messages are expected to be displayed within the software in a way to maximize the likelihood the message is read.

URL: https://www.dfa.arkansas.gov/income-tax/individual-income-tax/

Statement: The State of Arkansas is requesting additional information this filing season in an effort to combat identity tax fraud and ensure that your hard-earned tax refund goes to you. Providing information from your driver's license or state-issued identification card will help protect your identity and could help process your return quicker. However, this is only a request. Information from your driver's license is not required, and your return will be processed without the additional information. The information is being requested solely to help protect your identity and ensure a more-secure refund.

Customer Communications (Continued)

State Documents and Materials

All **Arkansas** income tax forms, publications and schemas will be posted on the FTA State Exchange System (SES).

State Refund Expectations - (Individual Income Tax Only)

Arkansas Department of Finance and Administration, Income Tax Administration is providing a URL and statement about refund processing. Industry partners must use this statement and URL in all products. The messages must be shown to end-users within the software in a way to maximize the likelihood the message is read.

URL:

Arkansas "Where's My Refund": www.atap.arkansas.gov

Statement:

Identity Theft has been a growing problem nationally and the Department is taking additional measures to ensure tax refunds are issued to the correct individuals. These additional measures may result in tax refunds not being issued as quickly as in past years.

Tax Due Expectations

To assist Taxpayers and Tax Professionals with balance due returns, **Arkansas Department of Finance and Administration, Income Tax Administration** is providing a URL and statement about tax dues, such as how to schedule or make a tax payment and/or estimated tax payments. Industry partners must use this statement and URL in all products. The messages must be shown to end-users within the software in a way to maximize the likelihood the message is read.

URL: www.atap.arkansas.gov

Statement:

Taxpayers can schedule or request an electronic tax payment for balance due returns and/or estimated tax payments by visiting our website.

State Specific Questions

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)

2. Does this product offer Direct Debit for return payment?   ☐ Yes   ☐ No

   If Yes, select the supported method.   ☐ Partial payments   ☐ Full payment   ☐ Both

   If No, you must provide a statement in your software indicating that no payment is being submitted at the time the return is filed. A screenshot of this text must be provided during acceptance testing.

3. Does this product allow Direct Debit for estimated payments?   ☐ Yes   ☐ No

Agreement

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

As an approved **Arkansas Department of Finance and Administration, Income Tax Administration** 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 Department of Finance and Administration, Income Tax Administration** has the right to deny, suspend, or terminate my account.

SIGNATURE OF AUTHORIZED REPRESENTATIVE	DATE
PRINT NAME OF AUTHORIZED REPRESENTATIVE	TITLE
E-MAIL ADDRESS	PHONE NUMBER

Electronically:

- E-mail the completed and signed Letter of Intent:
  arefile@dfa.arkansas.gov