2019 Test Package for California e-file Program

FTB Publication 1436X
11/15/2019

STATE OF CALIFORNIA
Franchise Tax Board
www.ftb.ca.gov

Table of Contents

Change Log

Section	Changes
Throughout publication	Updated tax years and publication name
Section 2 – PATS Procedures	Renumbered multiple sections
Section 1.5 What's New?	• Added LOI information
Section 2.2 Before You Test	• Added LOI information • Added PATS Submission Forms
Section 2.3 Testing for Software Developers	• Removed Supported Forms and Features • Revised test condition requirements
Section 2.7 Reminders	• Moved multiple reminders to appropriate sections.

Section 1 – Introduction

1.1 Welcome

This publication provides the information you need to successfully complete our Participants Acceptance Testing System (PATS), including test conditions, test procedures, and instructions for preparing test material for e-filing business, individual, fiduciary tax returns and stand-alone payments.

We will begin accepting test transmissions for the upcoming filing season on **November 12, 2019.**

If you plan to support *previous years* in addition to current year e-file returns, and you have not previously passed PATS for these years, you must successfully complete a set of tests for previous year forms.

1.2 General Information

The Franchise Tax Board's (FTB) PATS process makes software acceptance testing easy. We do not require you to use a specific set of state submission scenarios. Instead, we allow you to supply your own test submissions that reflect the forms, schedules and features your software supports. A list of general conditions that must be followed within the test submission is provided in Section 2.3. All required test submissions must be accepted with no rejects before the software will be considered for final acceptance.

You must complete PATS before you can transmit any production submissions. Once you successfully complete PATS, your Account Manager will notify you via email of your acceptance.

FTB adheres to the e-file Program requirements within the IRS Pubs. 1345, 3112, 4163, 4164, 5078 and in Revenue Procedure 2007-40, 2007-26 I.R.B. 1488 (or the latest version), to the extent that they apply to FTB's e-file Program.

Specific California e-file requirements can be found in FTB Publications 1345 *Handbook for Authorized e-file Providers*, 1346B *Business e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters*, and 1346X *California Individual and Fiduciary e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters.*

You must comply with the latest FTB publications, forms, and notices governing the California e-file Program.

1.3 Where Can I Get More Information?

FTB offers each software developer participant a personal Account Manager to assist you with account and production related questions and issues, as well as being your main point of contact during the PATS process. For assistance in formatting and transmitting your e-file submissions, or if you have questions regarding the test conditions contained in this publication, please contact your Account Manager.

If you are new to the CA e-file program, email e-file.coordinator@ftb.ca.gov for information on how to get started.

If you need more information about general e-file questions including acknowledgement re-hang requests or resolving errors, contact:

e-Programs Customer Service
Monday through Friday, between the hours of 8 a.m. and 5 p.m., PST
(Closed state holidays)

Phone**:**   916.845.0353
Fax**:**   916.855.5556
Email**:**   e-file@ftb.ca.gov

If you have comments or suggestions regarding California's e-file programs or this publication, send them to**:**

e-file Coordinator, MS F-284
Franchise Tax Board
PO Box 1468
Sacramento CA 95812-1468
Email: e-file.coordinator@ftb.ca.gov

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD 800.822.6268.

1.4   Why Test?

The purpose of PATS is to ensure, prior to "live" processing, that**:**

- Software Developers and Transmitters send submissions in the correct format, meet our electronic filing schema specifications, and have no business rule violations (rejects).

- Transmitters and Direct Electronic Return Originator's (EROs) can communicate with our SWIFT system to transmit submissions as well as retrieve their receipts and acknowledgement files.

- Transmitters and Direct ERO's understand and are familiar with the mechanics of e-filing business, individual, and fiduciary, submissions to FTB.

- Account managers can assist with software issues related to schemas and business rule violations.

1.5   What's New?

In Section 2.2, the California Franchise Tax Board Letter of Intent (LOI) form was added. Annually, tax software providers must complete the form for each unique product type supported prior to testing.

Section 2 – PATS Procedures

2.1 Who Must Test?

To participate in California's e-file programs, the following participants must meet all PATS requirements contained in this publication:

- Software Developers
- Transmitters
- EROs who transmit directly with FTB

Note: Generally, if your software allows you to transmit submissions directly to FTB, the software company will provide you with test submissions to submit to us.

2.2 Before You Test

Prior to transmitting test submissions directly to FTB, all Software Developers, Transmitters, and ERO's must:

- Be an accepted participant in the IRS e-file program. Refer to Publication 3112, *IRS e-file Application and Participation*.

- Ensure your California Letter of Intent (LOI) is approved for each unique product type. (This only applies to Software Developers.)

    o If there are changes to the California LOI after it has been approved, you must submit the updated pages to FTBLOI@ftb.ca.gov.

- Register for a User ID and Password (if you do not already have one) to use FTB's SWIFT system. Refer to FTB Pubs 1346B or 1346X, Section 5, and the SWIFT Transmitter User Guide located on our website for more information about SWIFT.

- Complete and submit the applicable PATS Submission Form for each unique product type you support to your e-file Account Manager.

PATS Submission Forms

Business e-file Return / Stand-Alone EFW Payment	[PDF] Business PATS Submission Form
Individual e-file Return / Stand-Alone EFW Payment	[PDF] Individual PATS Submission Form
Fiduciary e-file Return / Stand-Alone EFW Payment	[PDF] Fiduciary PATS Submission Form

2.3 Testing for Software Developers

- Refer to the applicable FTB schemas and business rules for complete requirements of test submission. (Form or schedule that is required by the schema or business rule will not be allowed in PDF format.)

- You must provide at least two examples of each return type you support and at least one example of every form, schedule, and feature you support when submitting test submission(s).

2.3.1 Forms and Schedules Test Condition Requirements

The following chart lists the test condition requirements that must be included on at least one of the applicable forms and schedules you support.

Forms/Schedules	Test Conditions
Business	
Form 100S, *California S Corporation Franchise or Income Tax Return*	Present data on line 14, *Net income (loss) after state adjustments*
	Present data on line 15, *Net income (loss) for state purposes*
Form 565, *Partnership Return of Income*	Attach federal tax return Form 1065, *U.S. Return of Partnership Income*
Form 3544, *Assignment of Credit*	Present data on Part B *List of Assigned Credit Received and/or Claimed by Assigned,* column (a) *Assignor name* and column (g) *Assigned credit received in 2019 taxable year*
Schedule K-1 (568), *Members' Shares of Income, Deductions, Credit, etc.*	Present data on line 1, *Ordinary income (loss) from trade or business activities*
Individual	
Form 540, *California Resident Income Tax Return*	Present data on the following fields: • Last name • Suffix (i.e. Jr, Sr., etc.) • Street address or PO box • Apt. no/ste. no. • City, State, ZIP code
	Present data on line 76, *Young Child Tax Credit*
	Present data on line 91, *Use Tax*
Form 5402EZ, *California Resident Income Tax Return*	Present data on line 24, *Young Child Tax Credit*
Form 540NR, *California Nonresident or Part-Year Resident Income Tax Return*	Present data on line 86, *Young Child Tax Credit*
Schedule CA (540), *California Adjustments - Residents*	Indicate 'Native American Income' on Part I *Income Adjustment Schedule*, Section B *Additional Income*, line 8f *Other (describe)*
	Present data on Part II *Adjustments to Federal Itemized Deductions*, line 7B *Subtractions*
Schedule CA (540NR), *California Adjustments - Nonresidents or Part-Year Residents*	Indicate 'Native American Income' on Part I *Income Adjustment Schedule*, Section B *Additional Income*, line 8f *Other (describe)*
Form 3514, *California Earned Income Tax Credit*	Present data on Part IV, *California Earned Income,* line 18 *Business Income or (loss)*
Form 3840, *California Like-Kind Exchanges*	Present data on Part II *Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received*, line 20, *Basis of like-kind property received*
	Indicate 'Yes' on Schedule A *Properties Given Up and Received,* Part I *Properties Given Up*, line 1A *Is property in California?*
	Present data on Schedule A *Properties Given Up and Received,* Part I *Properties Given Up*, line 8 *California source deferred gain*
CA Form W-2, *Wage and Tax Statement*	Indicate 'CA State Disability Insurance (SDI)' on line 14, *Other*
Fiduciary	
Form 541, *California Fiduciary Income Tax Return*	Attach an applicable federal tax return

2.3.2 Individual Electronic Signature Test Requirements

Prepare individual e-file test returns or individual stand-alone EFW test payments using the following Taxpayer IDs (TPID) and Spouse IDs (SPID) along with the corresponding shared secret(s), if signing using electronic signature.

TPID	SPID	TPID Shared Secret	SPID Shared Secret
501005001		46450	
501005002	401005002	108950	108950
501005003		43200	
005005004		24110	
501005005	401005005	87493	87493
501005006		64000	
501005007		56507	
501005008		60830	
501005009	401005009	53000	53000
501005010	401005010	80000	80000
005005011		66140	

Note: For all other forms that contain SSN fields, use "00" in the fourth and fifth positions (Ex: FTB Form 3506).

2.4 Transmitting Test Submissions

After you have composed your test submissions, transmit them according to the following procedures:

- All business, individual, fiduciary e-file return and stand-alone payment submissions must be transmitted via SWIFT as specified in FTB Pub 1346B or 1346X, Section 5 (SWIFT) and in the FTB SWIFT Transmitter User Guide.

- Retrieve all receipts and acknowledgment (ACK) files from your SWIFT mailbox before requesting PATS acceptance review.
  - o You may transmit as many test submissions as necessary until you receive no error messages or rejects prior to requesting PATS acceptance review.

- Notify your Account Manager if you need assistance in resolving rejected submissions.

- Notify your Account Manager via email for PATS acceptance review once you have received accepted ACKs for all of the test submissions.
  - o Provide your account manager with your **SWIFT User ID** along with the **Transmission ID** of the submission file(s) you want reviewed for acceptance.

2.5 Testing Communications Protocol

You can also use your FTB PATS test submissions to test and debug any potential or existing problems with your SWIFT communications protocol. Contact your Account Manager if you encounter any problems you feel may be related to the SWIFT system.

2.6　Testing for Transmitters and Direct EROs

The Communication Testing process for Transmitters and Direct EROs is as follows**:**

- Contact Christine Diller at 916.845.7524 or Christine.Diller@ftb.ca.gov for instructions, including registration for a SWIFT User ID and Password.

- Software product must have prior PATS approval for the current testing year.

- Prepare the test submissions as instructed by your software company (test submissions may be included with your software).

- Must declare the name of the software product used for testing and for transmitting "Live" submissions.

- Must inform FTB if using more than one software product to transmit "Live" submissions.

- Transmit the test submissions following the instructions included with your software. As a Transmitter using approved software, you must complete an error-free communications test by transmitting at least five submissions total in two separate transmissions within the same-day. The combination of submissions in each transmission is up to the Transmitter (e.g. 3&2, 2&3, 4&1, 1&4).

- All submissions must be error-free and have a status of "Accepted"

- We will return an ACK file to your SWIFT "FromFTB" mailbox that indicates whether each submission was "Accepted" or "Rejected". You must pick up your ACK files from your SWIFT mailbox in order to complete Communication Testing.

- If we reject your submissions due to formatting (schema) or transmission errors, you must contact your Software Developer to resolve. After you receive the corrected software, you must retransmit the rejected submissions.

- Contact Christine Diller at 916.845.7524 for approval once you have successfully completed your error-free communications test.

- We may notify you by email of your acceptance, if requested.

2.7　Reminders

Software Developers and Transmitters must:

- Not accept electronic submissions from their clients until they have received PATS approval by FTB for "live processing".

- Not send "live" submissions as test submissions and vice versa. Be sure your Transmission Manifest is correctly set to "**T" for Test** or **"P" for Production**. "Live" submissions sent to the test environment are considered "not filed".

- Inform their clients and Transmitters that they may use only the accepted version of their software. Software Developers should not distribute their software until FTB notifies them of their PATS acceptance.

- Remember that PATS test submissions are not derived from the PATS test scenarios located in the Internal Revenue Service (IRS) Publication 5078, *Assurance Testing System (ATS) Guidelines for Modernized e-file (MeF) Test Package Business Submissions.*

Section 3 – Finalizing PATS

3.1 Review of Participants Test File

Once you have transmitted the required test submissions, your Account Manager will validate your final transmission and will notify you, within 24 - 48 hours, of any problems or irregularities that will require you to correct and re-transmit any submissions.

The expectation is that all test returns sent to us during the PATS process are generated from your tax software. Upon successful completion, your Account Manager will send you a PATS acceptance letter via email.

3.2 Using Your Own Test Submissions

Since every conceivable condition cannot be represented in our test requirements, you are welcome to test additional data of your own, **after** you have received PATS acceptance. We welcome your suggestions for improving our test requirements.

Tax returns need to be validated against schema or business rules prior to submitting them to California.

Note: When transmitting via SWIFT, be sure that your Transmission manifest contains a **[T]** to indicate you are transmitting test submissions and not a **[P]**, for production submissions, even if you are testing after you have passed PATS.