



MeF Program Overview

for Tax Software Developers

Tax Year 2023

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MeF Program Overview for Tax Software Developers

Introduction

The material in this publication provides tax software developers the necessary requirements for participation in Montana Department of Revenue's (MT DOR) Modernized E-file (MeF) Program. Prior to submitting MeF returns to MT DOR for production, tax software companies must:

- Successfully complete an acceptable Letter of Intent (LOI) for each software product to be used for submitting MeF returns in production.
- Participate and pass ATS (acceptance) testing.
- Be prepared to communicate production issues as they occur to the Information Governance Unit.

Production returns submitted without an ATS approval for that form year will be rejected. Production returns will have acknowledgements created and transmitted back to the software company through the IRS. All production returns must meet the requirements and conditions of the Montana LOI and supporting documentation.

This publication does not replace the requirements, procedures, etc., issued by the IRS. All IRS requirements must be adhered to in the development of Montana returns.

Montana MeF Program Process

1. Tax software company submits an LOI for a software product.
2. MT DOR verifies and accepts LOI for tax software vendor participation in the program.
3. MT DOR grants SES access for contacts identified on the LOI to access Technical Requirements and ATS test scenarios.
4. Tax software developer submits ATS returns prepared using the software identified in the LOI along with documentation outlining any software limitations that may impact testing.
5. MT DOR tests ATS returns and provides a test summary to the developer for further correction or a notice of passed testing.
6. Once all ATS testing is passed, MT DOR provides a Notice of Approval to the software developer and company contacts on the LOI.
7. Software company submits production returns for tax type and year noted on the ATS Notice of Approval.

Development Resources

- MeF Program Overview for Software Developers
- Tax Forms and Instructions – State Exchange System Website <https://taxadmin.kiteworks.com/>
- Montana Code Annotated – <https://leg.mt.gov/statute/>
- MeF Technical Requirements for Software Developers- State Exchange System Website <https://taxadmin.kiteworks.com/>
- MeF ATS Testing Instructions and Scenario Criteria for Software Developers- State Exchange System Website <https://taxadmin.kiteworks.com/>
- Test Summary

Tax Types Supported by MeF and Mandates

MT DOR encourages software companies to support as many forms as possible to create a tax return that is as complete and accurate as possible even when a mandate does not exist. Please note that with the base tax types outlined below numerous supplemental forms exist within the schema package that may need to be supported and submitted with the Individual, Fiduciary, or Pass-Through tax returns.

- **Corporate Tax** – Montana Senate Bill 24 (2023) requires corporations with more than \$750,000 in gross receipts during a tax period to file electronically.
- Individual Income Tax – No mandate.
- Fiduciary – No mandate.
- Small Business – No mandate.
- **Partnership** – Montana law (MCA 15-30-3315) requires partnerships with more than 100 partners during the tax year to file electronically.
- **Payments** – Montana law (MCA 15-1-802) requires payments of \$500,00.00 or more to be made electronically.

Return Types Accepted

- Fed/State (linked) – An original Federal return submitted with a Montana return.
- State-only (unlinked) – A Montana return submitted without an original Federal return.

Signature Requirements

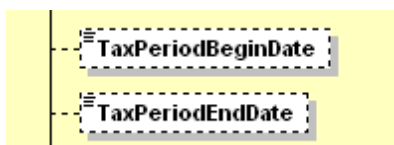
A signature document is **not** required to file a return electronically. The act of e-filing is considered the signature. MT DOR does not require any paper documents from the Electronic Return Originators (ERO). However, the taxpayer must retain a completed tax return and furnish those records upon request from the MT DOR for five years.

Prior Year and Amended Return Filing

- MT DOR accepts prior year returns and amended returns.
- Prior year returns - The software used to submit the return has to have been tested and approved by MT DOR.
- Amended returns – the Amended Return Indicator in the Return Header State must be checked for the return to process correctly. If you would like to test this functionality during ATS, please contact DORMeF@mt.gov to coordinate.

Return Header State

The following items from the Return Header State are required for Montana returns.



Financial Transactions

MT DOR offers Direct Deposit of refunds and Direct Debit payments for taxes due. The limitations to our Direct Debit and Direct Deposit programs are as follows.

Direct Deposit

- Refunds can only be deposited into one (1) bank account. The financial transaction schema has been modified to only allow one bank account for a direct deposit.
- Direct deposit must be for the entire amount of the refund. Montana does not allow for partial direct deposit of refunds.

Direct Debit

- Only one tax due payment is allowed for a single return.
- The amount of the direct debit payment must be equal to the tax due. Montana does not allow for partial direct debit of taxes due.
- The Requested Payment Date element in the Financial Transaction schema is required to be completed for all Direct Debit payments. The taxpayer can choose to warehouse the payment for payment processing later.

IAT Transactions

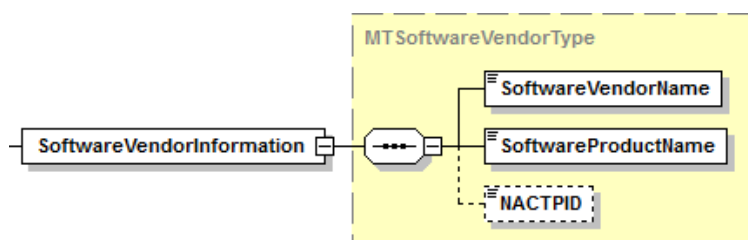
- Montana will not process a Direct Deposit of a refund if the IAT choice is IsIATTransaction. Any refund return submitted with the IsIATTransaction selected will be processed like a return requesting a paper check. Issuing a paper check will add additional time to the refund process.
- Any refund return with the IAT choice of NotIATTransaction will be processed as a Direct Deposit.

Direct Deposit refund returns that are ACH returned for various reasons will be reissued as a paper check. We are not able to correct bank routing and account number information and reissue Direct Deposits.

We would like tax software companies to encourage e-paying through TransAction Portal (TAP) at <https://tap.dor.mt.gov> if a customer does not choose the direct debit option when e-filing their return. Through TAP, they can pay by credit card, debit card, or e-check. They can also schedule future payments and view their payment history. More information can be found at <https://mtrevenue.gov/online-services/>

Software Vendor Information Element

For the required element Software Vendor Name, we would expect to see the name of the software company. The Software Product Name element is required and should be populated with the name of the product being used to complete the return. The NACTPID element is optional, however it is strongly suggested this element be populated with the ID number assigned by the NACTP.



Binary Attachment Information

Please make sure the file name is representative of the information in the binary attachment. Standardized file names will be provided by Montana Department of Revenue if any required attachments are associated with a reject code.

Business Rules and Reject Codes

Requirements for business rules and any associated Reject Codes are provided in separate documents posted on the SES web site along with a technical requirements document. Once a return is rejected, it must be corrected and resubmitted.

ATS Testing

MT DOR requires all software developers and transmitters to test their software product and be approved to submit Montana tax forms. A software product must be approved for each tax form and each tax year they will be submitting production returns.

ATS Testing documentation is posted on State Exchange System <https://taxadmin.kiteworks.com/>.

Important Note: Prior to ATS testing if your software product has limitations that may affect the outcome of a test, please provide an exceptions document outlining the software limitations. All limitations must be agreed upon in the LOI or the test will be rejected.

- ATS testing will begin when the IRS opens the MeF ATS gateway in November .
- The ATS scenarios are criteria based and will include a list of each line to be tested on the form.
- A pdf return must be provided for each submission id submitted for testing.
- Draft scenarios will be posted to SES in mid-October.
- Final scenarios will be posted before ATS testing begins in November.
- Test submission deadlines:
 - January 16th, 2024
 - Corporate tax – Form CIT
 - Individual Income tax – Form 2
 - February 16th, 2024
 - Fiduciary tax – Form FID-3
 - Pass-through Entities tax – Form PTE

Acknowledgment of Montana electronic return

The Montana acknowledgment is designed to inform transmitters that the Montana return data has been received from the IRS. In the event a return contains schema validation errors those errors will be included in the acknowledgment. These errors will need to be corrected before the return can be resubmitted.

Design plan for Montana acknowledgment system

Under normal processing conditions, the State of Montana will transmit the acknowledgment file within ten minutes of receiving the return from the Internal Revenue Service.

Acknowledgment resolution process

We intend to acknowledge E-Filed returns throughout the day, every day. If you have not received your Montana acknowledgement, please contact us following the process below. Email is the preferred method of contact.

When to contact MT DOR regarding non-receipt of a Montana acknowledgment record.

- Montana Acknowledgment Records were received for some returns, but not all returns filed on the same day.
- IRS Acknowledgment Records were received more than four (4) working days ago and no Montana Acknowledgment records have been received for the same tax returns.
- A transmission day is skipped (i.e., received acknowledgment records for a Monday and a Wednesday but none for a Tuesday transmission).

In all instances, ensure you have received an IRS Acknowledgment Record and the federal tax return was accepted and contained a Montana state return prior to contacting the MT DOR.

MeF Requirements and Production Support Information

Contact dore-services@mt.gov if you have questions regarding the Montana schemas, specifications, business rules, reject code requirements.

Issues regarding return acknowledgments may require the following information:

- State Submission ID
- Electronic Transmitter Identification Number (ETIN)
- Transmission Date
- Contact Name and Phone Number, Fax number or e-mail address.