

2022 Software Provider Conference

NCDOR


NORTH
CAROLINA
DEPARTMENT
OF REVENUE

eFile & Software Provider Support

Wednesday, June 29, 2022

1:00 pm

Agenda

- 
- Welcome
 - Introductions
 - Updates
 - Tax Legislation & Forms
 - General Information
 - Software Provider Support Unit (Substitute Forms)
 - eFile Unit (MeF, eNC3 & eNC5Q)
 - Questions & Answers
 - Conclude Conference

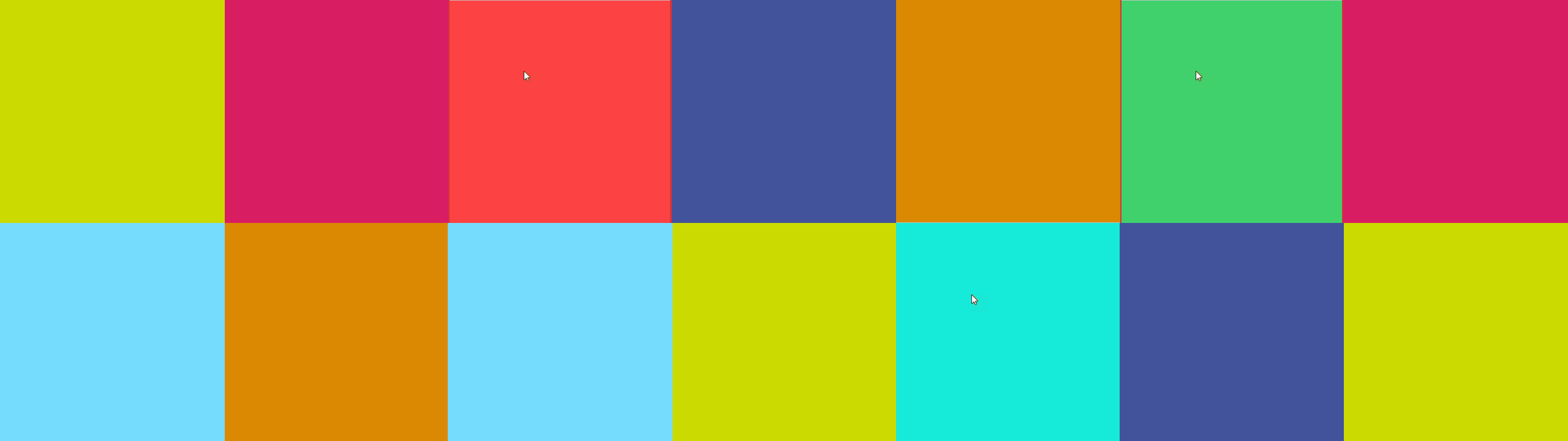


NCDOR Presenters and Attendees

- Submissions Processing Division
 - eFile Unit
 - Software Provider Support
 - Division Director and Assistant Director
- Tax Administration Division
 - Personal Tax Division (Individual Income, Partnership Income, Estates and Trusts, and Withholding)
 - Corporate Income and Franchise Tax
 - Sales and Use Tax
- Tax Schedule Implementation

Software & Payroll Service Provider Attendees

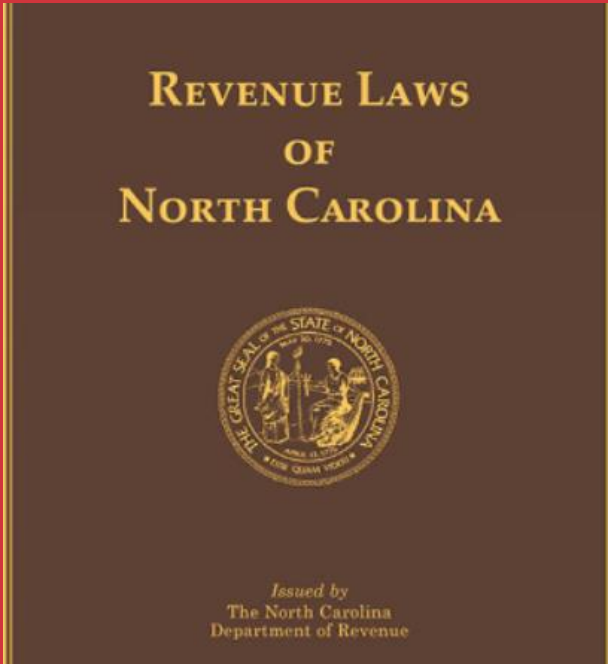
Aatrix Software Inc	CyberPay, Inc.	Onesource Virtual
ADP, Inc.	Drake Software	On-Line Taxes, Inc.
Advanced Tax Solutions, LLC	DuCharme, McMillen & Associates (DMA)	Paychex/Advantage
Asure Software	ezTaxReturn.com	Paycor
Business Software, Inc.	FileYourTaxes.com	Paylocity Payroll
CCH Incorporated	Greatland Corporation/Nelco	STF (Bloomberg Industry)
CCH Small Firm Services	Greenshades Software	Tax Technologies, Inc
Cash App Taxes	H&R Block	TaxAct, Inc
Ceridian Tax Service Inc	Intuit	TaxHawk, Inc.
ComplyRight	isolved	TaxSlayer
Corptax, Inc.	Jackson Hewitt Tax Service	Thomson Reuters Tax & Accounting, Inc
CrossLink Professional Tax Solutions, LLC	MasterTax	Universal Tax Systems
CS Professional Suite	Next Gen Web Solutions	



“Your hardest times often lead to the greatest moments of your life. Keep going; Tough situations build strong people in the end.”

Roy T. Bennett

Updates



NCDOR | CD-401S S-Corporation Tax Return 2021

For calendar year 2021, or other tax year beginning (MM-00) **21** and ending (MM-00) **21**

NCDOR | D-400 2021 Individual Income Tax Return

For calendar year 2021, or fiscal year beginning (MM-00) **21** and ending (MM-00) **21**





Tax Legislation and Forms

NOTE: Until the North Carolina General Assembly (NCGA) adjourns, NCDOR cannot confirm all changes that will affect tax year 2022 tax forms. Information on proposed legislation can be found at the NCGA website <https://ncleg.gov/>.

- Sales Tax
- Withholding Taxes
- Partnership Income Tax
- Corporate Income and Franchise Tax
- Estates and Trusts Tax
- Individual Income Tax

Tax Legislation and Forms

- General
 - [Session Law 2021-180](#) was signed into law on November 18, 2021
 - Withholding, Partnership, Estates and Trusts, Corporate Income and Franchise Tax, and Individual Income tax are impacted by this law
- Graduated Failure to Pay Penalty
 - Applies to Sales & Use, Withholding, Partnership, Estates and Trusts, Corporate Income and Franchise Tax (C- Corp & S-Corp), and Individual Income tax schedules
 - Legislation affecting the graduated failure to pay penalty has been proposed (HB Bill 83), but not passed and signed into law.
 - Proposes to change the graduated penalty date to July 1, 2024
 - Proposes to reduce the current failure to pay penalty from 10 percent to 5 percent. Effective date January 1, 2023
- Sales and Use Tax
 - Form E-536 and Form E-536R are being modified to incorporate 2.25% rate change effective October 1, 2022 for Alleghany County

Tax Legislation and Forms

- Withholding Taxes
 - Reduces the Individual Income tax rate to 4.75% for 2023
 - Rate change will impact withholding tables and withholding allowance certificates
- Several provisions, in separate bills, are being considered by the General assembly which may impact the withholding allowance certificates

Tax Legislation and Forms

- Partnership Income Tax
 - Allow certain partnerships to elect to pay North Carolina income tax at the entity level
 - Main partnership income tax return form and many other ancillary partnership income tax forms will need to be updated
 - New estimated income tax payment form will be created to allow taxed partnerships to pay the required estimated income tax payments

Tax Legislation and Forms

- Corporate Income and Franchise Tax
 - Allow certain S Corporations to elect to pay North Carolina income tax at the entity level
 - Main S Corporation income tax return form and many ancillary S Corporation income tax forms will need to be updated
 - New estimated income tax payment form will be created to allow S Corporations to pay the required estimated income tax payments
- Franchise Tax Law Change
 - Eliminate two (2) franchise tax bases
 - Investment in NC Tangible Property
 - Appraised Value of NC Tangible Property
 - Franchise tax is now computed on the Net Worth base only
 - Effective for tax returns beginning on or after 1/1/22

Tax Legislation and Forms

- Estates and Trusts Tax
 - As a result of election to pay income tax at the entity level by S corporations and partnerships, estates and trusts may be required to report certain additional adjustments on their tax returns
 - Some ancillary estates and trusts tax forms will need to be updated

Tax Legislation and Forms

- Individual Income Tax – Tax Year 2022
 - Individual Income tax rate decreased to 4.99%
 - Standard Deduction amounts for each filing status has been increased as follows:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$25,500
Head of Household	\$19,125
Single	\$12,750
Married, filing separately	\$12,750

Tax Legislation and Forms

- Individual Income Tax
 - Child deduction amount has been increased as follows:



Filing Status	AGI	Deduction Amount
Married, filing jointly/Surviving spouse	Up to \$40,000	\$3,000.00
	Over \$40,000 Up to \$60,000	\$2,500.00
	Over \$60,000 Up to \$80,000	\$2,000.00
	Over \$80,000 Up to \$100,000	\$1,500.00
	Over \$100,000 Up to \$120,000	\$1,000.00
	Over \$120,000 Up to \$140,000	\$500.00
	Over \$140,000	\$0.00
Head of Household	Up to \$30,000	\$3,000.00
	Over \$30,000 Up to \$45,000	\$2,500.00
	Over \$45,000 Up to \$60,000	\$2,000.00
	Over \$60,000 Up to \$75,000	\$1,500.00
	Over \$75,000 Up to \$90,000	\$1,000.00
	Over \$90,000 Up to \$105,000	\$500.00
	Over \$105,000	\$0.00
Single/Married, filing separately	Up to \$20,000	\$3,000.00
	Over \$20,000 Up to \$30,000	\$2,500.00
	Over \$30,000 Up to \$40,000	\$2,000.00
	Over \$40,000 Up to \$50,000	\$1,500.00
	Over \$50,000 Up to \$60,000	\$1,000.00
	Over \$56,000 Up to \$70,000	\$500.00
	Over \$70,000	\$0.00

Tax Legislation and Forms

- Individual Income Tax
 - Separate State Net Operating Loss Calculation
 - Separate calculation at the State level for determining the net operating loss deduction
 - More closely aligns with the NC taxable income
 - Will include new form/worksheet
- Schedules S, PN, PN-1, NC-PE, NC K-1 Supplemental Schedule
 - Various additions to Adjusted Gross Income (AGI) including:
 - Federal net operating loss
 - Addition to AGI to a taxpayer that is a shareholder of a taxed S Corporation for the amount of the taxpayer's pro rata share of loss from the taxed S Corporation to the extent the loss was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's AGI

Tax Legislation and Forms

- Individual Income Tax
 - Addition to AGI to a taxpayer that is a partner of a taxed partnership for the amount of the taxpayer's distributive share of loss from the taxed partnership to the extent the loss was included in the taxed partnership's North Carolina taxable income and the taxpayer's AGI
- Various deductions from Adjusted Gross Income (AGI) including:
 - State net operating loss deduction
 - Deduction from AGI to a taxpayer this is a shareholder of a taxed S Corporation for the amount of the taxpayer's pro rata share of income from the taxed S Corporation to the extent the income was included in the taxed S Corporation's North Carolina taxable income and the taxpayer's AGI
 - Deduction from AGI to a taxpayer that is a partner of a taxed partnership for the amount of the taxpayer's distributive share of income from the taxed partnership to the extent the Income was included in the taxed partnership's North Carolina taxable income and the taxpayer's AGI

General Information

- Letter of Intent (LOI)
 - Preliminary updates
 - LOI cannot be finalized until we have a list of all TY22 forms
 - Posted in the State Exchange System (SES): TBD
- Support for Rejected MeF Submissions
 - Retention policies for eFile submissions has been updated
 - If requests are received 30 days after the acknowledgement date, eFile no longer will be able to access the XML for these rejects
- Schema Review Session
 - Soliciting assistance for software developers to participate in a schema review session with NCDOR IT, eFile and other resources.

General Information

- Trusted Customer Access for SES
- Surveys
 - Thank you for providing your feedback and suggestions
 - ATS Testing
 - Perfection Period
 - Schema Updates
 - Forms Approval Timeframe
 - Communication



Software Provider Support Unit Updates

Talking Points

- Purpose of Software Provider Support (SPS) at NCDOR
- SPS Standards for Substitute Tax Forms
- Results from the 2021 Approval Season Process Reports
- Best Practices for Submissions
- Best Practices for Timely Approvals
- Best Practices to Avoid Production Errors
- SPS Contacts Info
- Questions and Answers

Purpose of SPS at NCDOR

Software Provider Support (SPS) is Required to:

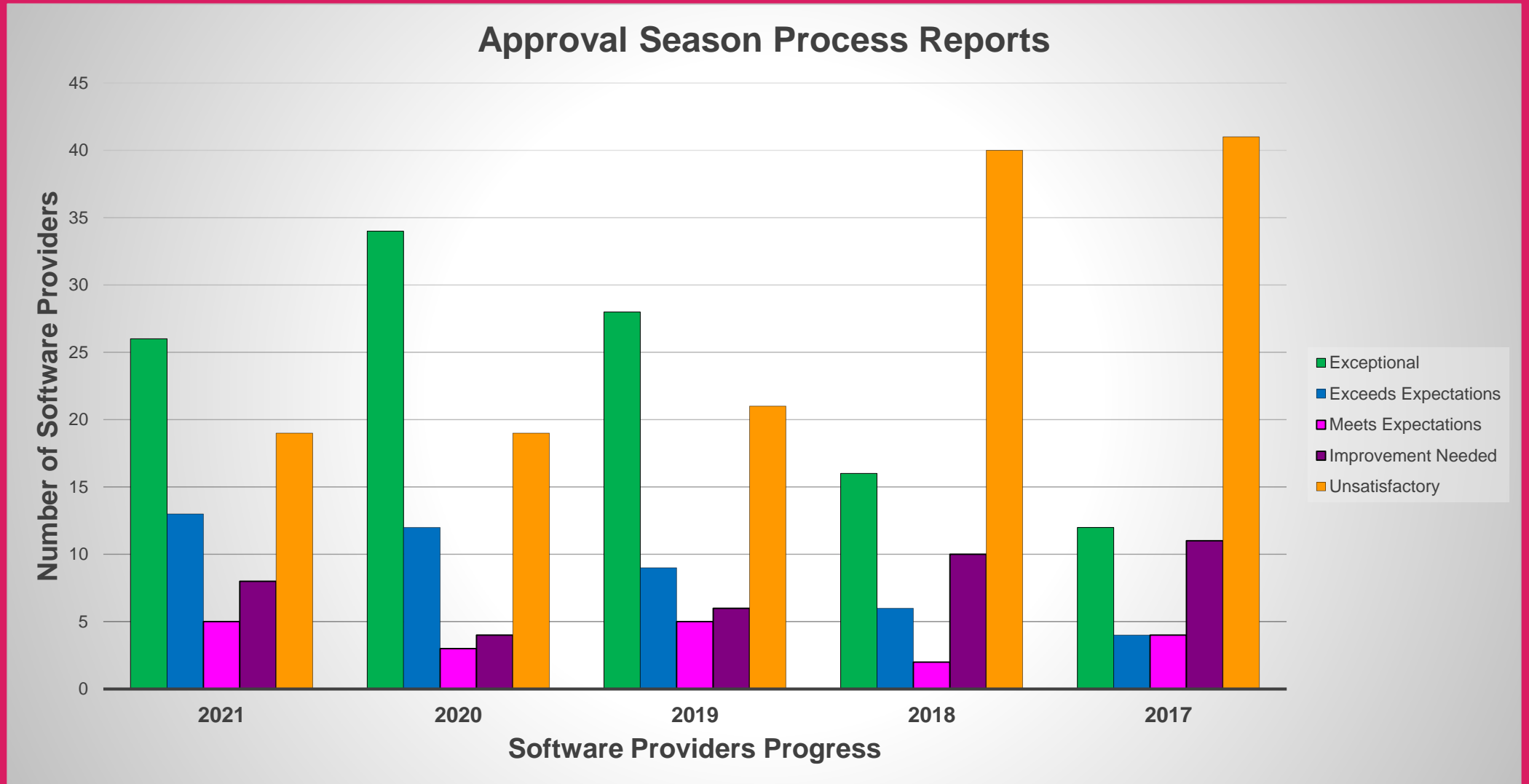
- Provide access to the site with the resources to reproduce forms after receiving the approved agreement - Letter of Intent
- Annually review and approve the alignment and technical specifications for each Substitute Tax Form
- Research and resolve production errors when a Substitute Tax Forms does not meet the alignment and technical specifications required

SPS Standards

Software Provider Support (SPS) standards for each Approval Season for Substitute Tax Forms:

- Substitute Tax Forms are to be submitted and approved within thirty (30) days of the posted date
- Substitute Tax Forms should be approved in three (3) or fewer attempts; this includes the initial submission

Results from TY2021 Approval Season





Best Practices for Submissions

Required Software Provider Contacts on LOIs

- Regulatory/Compliance Contact

Contact information
List the contact information for each area identified.

Regulatory/Compliance Contact	Phone	Email Address
Primary Individual MeF Contact	Phone	Email Address
Secondary Individual MeF Contact	Phone	Email Address
Primary Business MeF Contact	Phone	Email Address
Secondary Business MeF Contact	Phone	Email Address
Primary Fiduciary (Estate/Trust) MeF Contact	Phone	Email Address
Secondary Fiduciary (Estate/Trust) MeF Contact	Phone	Email Address
Primary Leads Reporting Contact	Phone	Email Address
Secondary Leads Reporting Contact	Phone	Email Address

Required Software Provider Contacts on LOIs

- Primary Contact for Individual or Business Forms
- Primary Executive Manager of Forms

Substitute forms registration

Complete this section only if your product will provide substitute forms.

Software Developer Identification Number (SD ID#)

Primary Individual Substitute Forms Contact	Phone	Email address
---------------------------------------------	-------	---------------

Secondary Individual Substitute Forms Contact	Phone	Email address
-----------------------------------------------	-------	---------------

Primary Business Substitute Forms Contact	Phone	Email address
-------------------------------------------	-------	---------------

Secondary Business Substitute Forms Contact	Phone	Email address
---------------------------------------------	-------	---------------

Primary Executive Manager of Forms	Phone	Email address
------------------------------------	-------	---------------

Secondary Executive Manager of Forms	Phone	Email address
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Note: If you have separate contacts for each business tax type, please list them by tax type on a separate sheet and attach it to this submission.

Accurately Listing Contacts on the LOI

Authorized access to the State Exchange System

Access to the State Exchange System should be limited to those with a business need.

Provide information for each employee you are authorizing for access to the State Exchange System. The tax type box should include all the tax types individuals are authorized to access. Agencies can add a radio button of tax types to the tax type column.

NOTE: Include all authorized individuals, even if listed previously on this form.

Company name PRO TAX EXECUTIVES	First and last name Frichard Black	Email address frichard@protaxes.com
Phone number 252-446-7954	Authorized access <input type="checkbox"/> Forms <input type="checkbox"/> E-file	Tax types All
Company name PRO TAX EXECUTIVES	First and last name Ann Brown	Email address ann@protaxes.com
Phone number 252-446-1227	Authorized access <input type="checkbox"/> Forms <input type="checkbox"/> E-file	Tax types All
Company name PRO TAX EXECUTIVES	First and last name Marly Redd	Email address marly@protaxes.co,
Phone number 252-442-0865	Authorized access <input type="checkbox"/> Forms <input type="checkbox"/> E-file	Tax types All

Required Naming Schemes on Form Submissions

Form Number_Version Number_Date_SP Number

E-mail Naming scheme

E-mail subject lines must be typed as indicated.

(If the subject line is formatted incorrectly, the SP will be required to resubmit the forms in the correct format.)

(Form number_Version number_Date_SP number)

(Note: Please make sure that your version numbers are correct.)

ES

Initial Submit

E-500_V1_9-28-22_41

Resubmit Number 1

E-500_V2_9-29-22_41

Note: PDF file name and Subject line must be exactly the same.

Required Number of Test Samples on Form Submissions

Form Spec

- Number Required
- Periods Required
- Barcode Required
- Changes for the Year

NCDOR
CD-V
CORPORATE INCOME TAX PAYMENT VOUCHER
(FORM REVISION 9-24-12)

15 TEST SAMPLES REQUIRED:

- 1 Form
- 1 Full Form
- 1 Calendar Year
- 1 Fiscal Year
- 1 Short Year

Barcode:

Align barcode between Rows 61, Column 41-44 and Row 63, Column 41-44. Print the number above the barcode.

USE:

- 12 month Quarter field for variable fees.
- All credit entries for variable fee.
- Amount due with 0.00 normal.
- Correct barcode length.
- Correct check digits.
- Correct matching line geometry.
- Date government from approved taxaid system.
- Function Code (0000).
- High resolution inkjet for barcode.
- Matching alignment between the full form and test samples.
- No punch/cutouts or special characters in address field.
- Period Ending Chart.
- Right aligned amount due.
- Variable ID numbers using the prefixes of 999, 900, 900 or 900 for 999/900/900.

Period Ending Chart

- Number Required
- Periods Required
- Check Digit Number

Period Ending Chart

NC-40			
Period Beginning	Period Ending	Type of Calendar, Fiscal or Short Year	Scan Line with Check Digit
4/15/2023	12/31		
6/15/2023	12/31		
8/15/2023	12/31		
11/15/2024	12/31		

D-400 and D-400 V Amended			
Period Beginning	Period Ending	Type of Calendar, Fiscal or Short Year	Scan Line with Check Digit
01/01/23	12/31/23	Calendar	12238
02/01/23	01/31/24	Fiscal	01244
03/01/23	02/28/24	Fiscal	02041
04/01/23	03/31/24	Fiscal	03047
05/01/23	04/30/24	Fiscal	04043
06/01/23	05/31/24	Fiscal	05040
07/01/23	06/30/24	Fiscal	06040
08/01/23	07/31/24	Fiscal	07043
09/01/23	08/31/24	Fiscal	08040
10/01/23	09/30/24	Fiscal	09043
11/01/23	10/31/24	Fiscal	10043
12/01/23	11/30/24	Fiscal	11040
06/01/23	03/31/23	Short	03238

NC-6 and NC-6X			
Period Ending	Monthly File By Date	Quarterly File By Date	Scan Line with Check Digit
01/31/23	03/15/23	04/15/23	01138
02/28/23	03/15/23	03/31/23	02032
03/31/23	04/15/23	04/30/23	03029
04/30/23	05/15/23	05/31/23	04035
05/31/23	06/15/23	06/30/23	05032
06/30/23	07/15/23	07/31/23	06038
07/31/23	08/15/23	08/31/23	07034
08/31/23	09/15/23	09/30/23	08021
09/30/23	10/15/23	10/31/23	09027
10/31/23	11/15/23	11/30/23	10024
11/30/23	12/15/23	12/31/23	11021
12/31/23	01/15/24	01/31/24	12028

E-600, E-600E, E-600F, E-600G, E-600H, E-600I, E-600K, and E-600L			
Period Ending	Monthly File By Date	Quarterly File By Date	Scan Line with Check Digit
01/31/23	03/15/23	04/15/23	00237
02/28/23	03/15/23	03/31/23	01123
03/31/23	04/15/23	04/30/23	02024
04/30/23	05/15/23	05/31/23	03021
05/31/23	06/15/23	06/30/23	04027
06/30/23	07/15/23	07/31/23	05024
07/31/23	08/15/23	08/31/23	06021
08/31/23	09/15/23	09/30/23	07027
09/30/23	10/15/23	10/31/23	08024
10/31/23	11/15/23	11/30/23	09021
11/30/23	12/15/23	12/31/23	10027
12/31/23	01/15/24	01/31/24	11024

Requirements

- Number Required
- Periods Required
- Check Digit Number

North Carolina Department of Revenue

2022

Requirements for the Approval of Substitute Tax Forms

8/12/22



Best Practices for Timely Approvals

Required Variety of Test Samples

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

CD-V

CORPORATE INCOME TAX PAYMENT VOUCHER (FORM REVISION 9-24-12)

15 TEST SAMPLES REQUIRED:

- 1 Blank
- 1 Full Field
- 1 Calendar Year
- 11 Fiscal Year
- 1 Short Year

Note: Both the corporate income and the SD version are required.

CHANGES FOR THE YEAR

- If your company reproduced Form CD-V Corp last year, your data placement for the form should match the approved trained version.
- If your company has not reproduced Form CD-V Corp, then match the SD version.

BARCODE:
The barcode must read 66201XX004. Replace (XX) with your two-digit Software Developer Identification Number.

USE:

- 12 point Courier font for variable fields
- All capital letters for variable text
- Amount due with 0.00 format
- Correct barcode length
- Correct check digits
- Correct matching line geometry
- Data placement from approved trained version
- Function Code (06505)
- High resolution bitmap for barcode
- Matching alignment between the full field and test samples
- No punctuation or special characters in address field
- Period Ending Chart
- Right aligned amount due
- Various ID numbers using the prefixes of 999, 900, 000 or 666 for FEINs/SSNs

Production Details:

Approved By Date:	October 4, 2020
Form Period Date Effective:	Calendar Year December 31, 2020; Fiscal Year November 30, 2021
For Filing Periods:	December 2020 and later
Form Placed in Software:	After December 31, 2020
Unchanged/Updated:	Unchanged

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

D-400V

INDIVIDUAL INCOME TAX PAYMENT VOUCHER (FORM REVISION 9-16-08)

9-12 TEST SAMPLES REQUIRED:

- 1 Blank
- 1 Full Field
- 7 by PDF or 10 by Mail which must include the following:
 - 1 Foreign
 - 6 Or more other Individual and Joint Examples

Note: If you do not support one of the required types, see the instruction.

CHANGES FOR THE YEAR

- Only the instructions of Form D-400V was updated for 2021.
- A QR code has been added to the instructions.
- Form D-400V should include the following URL information in the QR code: <https://www.ncdor.gov/services/for-an-employer/post/04/000v>
- If your company reproduced Form D-400V last year, your data placement for the form should match the approved trained version.
- If your company has not reproduced Form D-400V, then match the SD version.

BARCODE:
The barcode must read 72701XX006. Replace (XX) with your two-digit Software Developer Identification Number.

USE:

- 12 point Courier font in scanline
- 12 point Courier font for variable fields
- All capital letters for variable text
- Amount due with 0.00 format
- Correct barcode length
- Correct check digits
- Correct matching line geometry
- Data placement from approved trained version
- Foreign zip code of 00000
- Function Code (06406)
- High resolution bitmap for barcode
- Matching alignment between the full field and test samples
- No punctuation or special characters in address field
- Period Ending Chart
- Right aligned amount due
- Various ID numbers using the prefixes of 999, 900, 000 or 666 for FEINs/SSNs

Production Details:

Approved By Date:	November 1, 2021
Form Period Date Effective:	Calendar Year December 31, 2021
For Filing Periods:	December 2021 and later
Form Placed in Software:	After December 31, 2021
Unchanged/Updated:	Updated

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

E-595E

STREAMLINED SALES AND USE TAX CERTIFICATE OF EXEMPTION (REVISION DATE 4-22)

2 TEST SAMPLES REQUIRED:

- 1 Blank
- 1 Full Field

BARCODE:
This form does not have a barcode.

DO NOT:

- Reproduce the NC State Logo or Outline

USE:

- All capital letters for variable text
- Correct matching line geometry
- DOR Final to produce SD version
- Standardized formatting for
 - SD ID# should be left-justified above the revision date
 - SD ID# should be in bold, size 11, Arial font
- Various ID numbers using prefixes of 999, 900, 000 or 666 for FEINs/SSNs

CHANGES FOR THE YEAR

- Revision date, form name and verbiage updated.

Production Details:

Approved By Date:	July 11, 2022
Form Period Date Effective:	Period Ending April, 2022 and later
For Filing Periods:	April 2022 - September 2022
Form Placed in Software:	Immediately
Unchanged/Updated:	Updated

Required Scanline for Test Samples

0922X

Period and Date

900456789X

Taxpayer Identification
Number

0000000

Zeroes

9003X

Function Code

CD-419 Corp

CD-V Corp

D-400V

D-410P

NC-EDU

NC-5

CD-419 Fran

CD-V Amd Corp

D-400V Amd

NC-P

CD-429

CD-V Fran

D-410

NC-5PX

CD-V Amd Fran

NC-40

NC-X

Matching SD Forms

NC-5 (41)
9-25-07

Withholding Return
North Carolina Department of Revenue

This return must be filed even if no tax has been withheld.


Account ID	Period Ending	File By	Filing Frequency
123456789	12 45 78	12 45 78	ABCDEFGHI

ABCDEFGHIJKL MNOPQRST UVWXYZ ABCDEFGHI
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX NC XXXXX

1. Tax Withheld	▶	12378.01
2. Penalty		11478.01
3. Interest		12345.01
4. Total Due	\$	12348.01

Signature: _____ Date: _____
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: _____ Phone: () _____
Mail to: NCDOR, PO Box 25000, Raleigh, NC 27640-0615

3040141011



9999X 999999999X 0000000 9999X

- Easy to count field length
- Shows Alignment of Data
- Shows Data Placement
- Shows proper formatting - Alphabetic, Alphanumeric, Numeric or Negative Symbols
- Aids in Locating New Data

NC-5 (SD)
9-25-07

Withholding Return
North Carolina Department of Revenue

This return must be filed even if no tax has been withheld.


Account ID	Period Ending	File By	Filing Frequency
123456789	12 45 78	12 45 78	ABCDEFGHI

ABCDEFGHIJKL MNOPQRST UVWXYZ ABCDEFGHI
ABCDEFGHIJKL MNOPQRST UVWXYZ ABCDEFGHI
ABCDEFGHIJKL MNOPQRST UVWXYZ ABCDEFGHI
ABCDEFGHIJKL MNOPQRST AB 12345

1. Tax Withheld	▶	12345678.01
2. Penalty		12345678.01
3. Interest		12345678.01
4. Total Due	\$	12345678.01

Signature: _____ Date: _____
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: _____ Phone: () _____
Mail to: NCDOR, PO Box 25000, Raleigh, NC 27640-0615

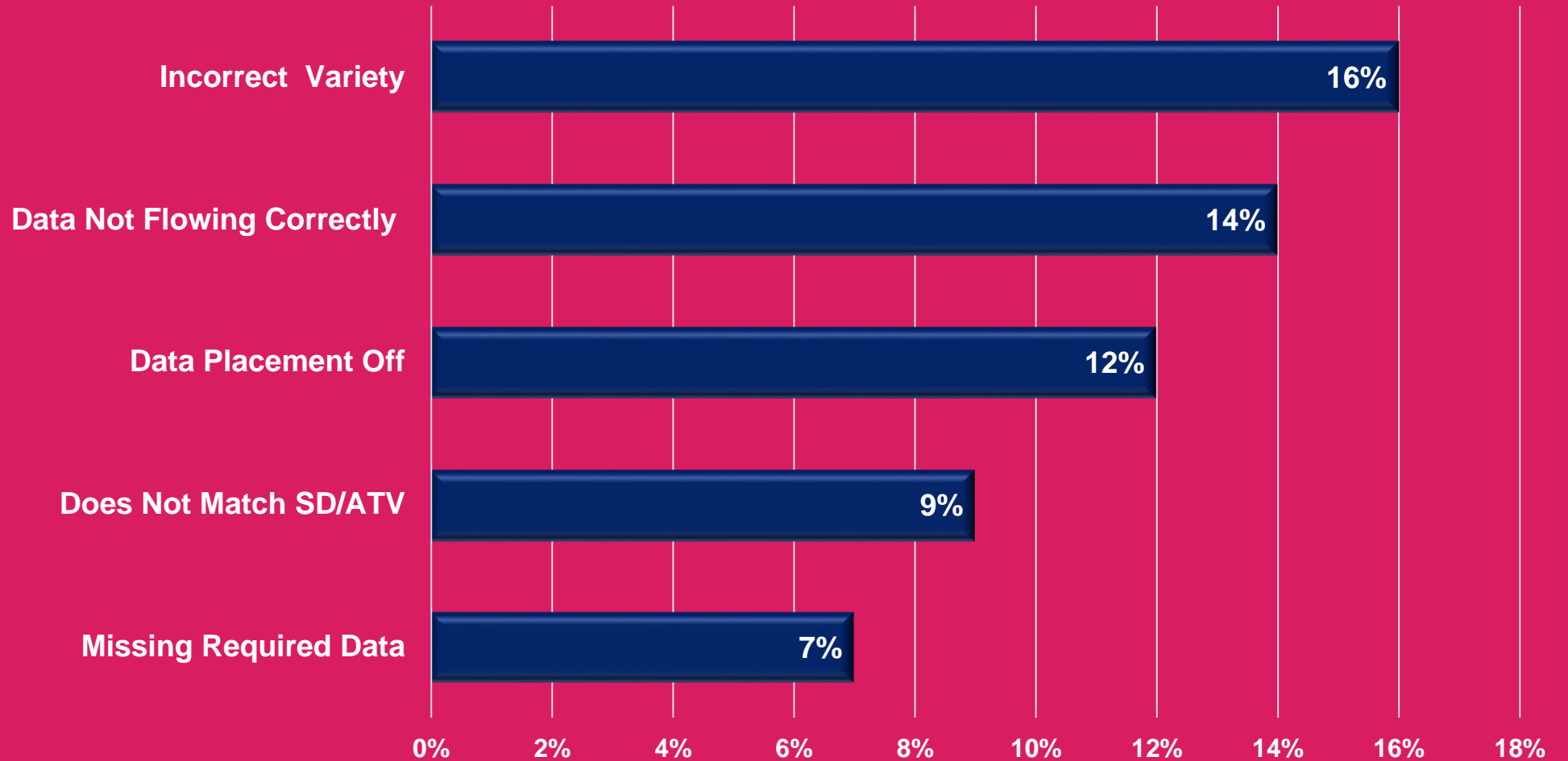
30401XX011



9999X 999999999X 0000000 9999X

Avoid Common Resubmission Errors

Common Resubmission Errors





Best Practices to Avoid Production Errors

Production Error Timeline

SPS Should Have Resolution Confirmation Within 10 Days of Notification



Fonts and Messages Not Submitted During Approval Process

NCDOR
MAR 17 2022

5. Total Franchise Tax Due
6. Application for Franchise Tax Extension
7. Tax Credits
8. Franchise Tax Due
9. Franchise Tax Overpaid

I declare and certify that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete

SECRETARY

Signature and Title of Officer: _____ Date _____

PAID PREPARER USE ONLY *If prepared by a person other than taxpayer, this certification is required.*

SELF-PREPARED

Signature of Paid Preparer: _____ Date _____

Mail to: NCDOR, P.O. Box 25000, Raleigh, N.C. 27640-0500. Ref: _____

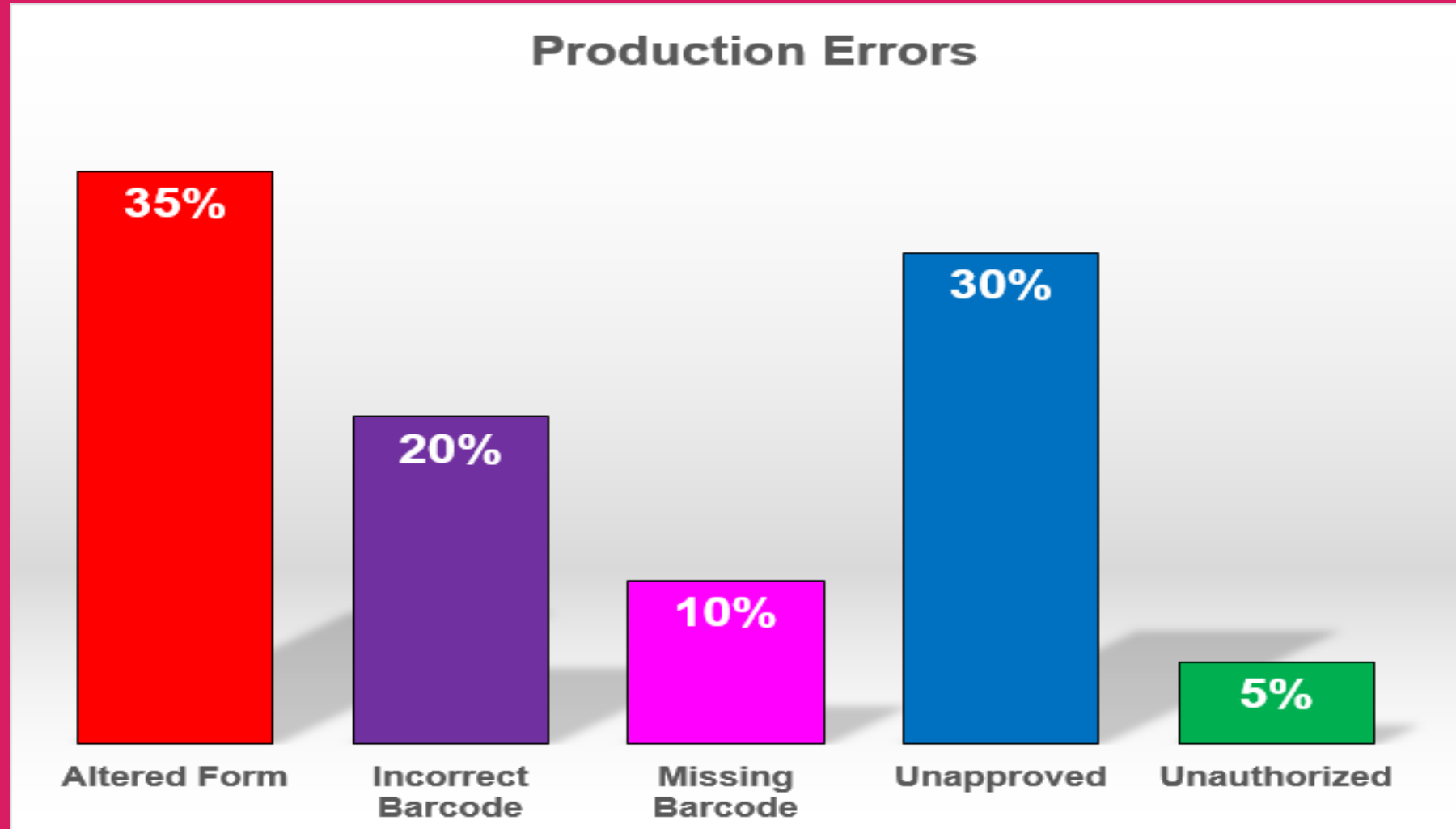
Application for Extension
North Carolina Department of Revenue

(Check applicable box) Partnership Estate Trust

FORM HAS BEEN ELECTRONICALLY FILED - KEEP FOR YOUR RECORDS

Extension is for: '1' For tax year starting 01 01 21 and ending 12 31 21

Why Forms Become Production Errors



SPS Contact Info

Management

Stephanie Denton - Director

Lei Satterfield – Assistant Director

Felecia Coley-Roberson – Manager

Cassandra Evans – Supervisor

Unit Members

Kim Williams

Donna Ramsey

Tonya Prichard

Software Provider Support Unit

Email address: allaboutforms@ncdor.gov – LOI submission or general questions

Email address: SDFormsUpdate@ncdor.gov – Substitute Tax Form submissions

Phone: 919-754-2625

Fax: 919-715-3165

Q & A





eFile Unit Updates

Agenda Topics

- MeF
 - MeF Overview
 - Filing Season
 - Statistics
 - Business Rule Rejects
 - ATS Testing
 - MeF Approval Season Process Reports
 - MeF Reminders
- Information and Reporting Applications
 - (eNC3, Server to Server, and eNC5Q)
- TY2022 Updates
- Reminders
- Contacts
- Questions and Answers

MeF Filing Season

IND

- Total Software Providers: 21
- Total Products: 44

CORP

- Total Software Providers: 14
- Total Products: 19

PART

- Total Software Providers: 14
- Total Products: 19

E&T

- Total Software Providers: 8
- Total Products: 11

MeF Statistics

TY21 Submissions Received as of May 31, 2022

Individual Income	Corporate Income	Partnership	Estates and Trusts
• 4,372,164	• 109,239	• 70,284	• 25,586

TY20 Submissions Received as of May 31, 2021

Individual Income	Corporate Income	Partnership	Estates and Trusts
• 4,355,086	• 107,045	• 71,468	• 22,338

Business Rules – Individual Income

Top 3 Rejects

- **NCD400-1160** (Incorrect data for StateSubmissionIdOrig or StateSubmissionIdDateOrig): **124,239**
- **NCD400-1020** (The software used has not been approved for e-File): **103,622**
- **NCD400-1010** (Duplicate return. The original submission's Primary SSN matches an existing accepted original return's Primary SSN or Secondary SSN): **21,532**

Business Rules – Corporate Income & Franchise Top 3 Rejects

- **NCBUS-1255** ([NC K-1 Supplemental Schedule-NC K1 CD401S] If NC K-1 CD-401S Line 3 (Deductions) is greater than zero, then Line 3 must equal NC K-1 Supplemental Schedule Line 38 from Column A): **4,178**
- **NCBUS-1250** ([NC K-1 Supplemental Schedule-NC K1 CD401S] If NC K-1 CD-401S Line 2 (Additions) is greater than zero, then Line 2 must equal NC K-1 Supplemental Schedule Line 15 from Column A): **3,351**
- **NCBUS-1000** (Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period): **1,282**

Business Rules - Partnership

Top 3 Rejects

- **NCBUS-1205** [NC K-1 Supplemental Schedule-CD401S/D403/D407] Part B Line 22f for Column A (Amount from all Sources) must equal the sum of Lines 22a through 22e): **1,068**
- **NCBUS-1230** [NC K-1 Supplemental Schedule-D403 NC K1] If D-403 NC K-1 Line 2 (Additions) is greater than zero, then Line 2 must equal NC K-1 Supplemental Schedule Part A Line 15 from Column A): **784**
- **NCBUS-1000** (Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period): **736**

Business Rules – Estates and Trusts

Top 3 Rejects

- **NCBUS-1000** (Duplicate return: The original return's Federal EIN must not match an existing accepted original return's Federal EIN for the applicable period): **65**
- **NCBUS-1180** (Incorrect data for StateSubmissionIdOrig or StateSubmissionIdDateOrig): **63**
- **NCFIN-1160** (Bank Account Number must be numeric with a minimum of 5 digits): **61**

ATS Testing

- Topics for discussion:
 - Letter of Intent (LOI)
 - Limitations
 - Expectations for MeF eFile Test Submissions
 - Timely Email Responses
 - IRS Opening, NCDOR ATS Testing and NCDOR Release Dates
 - Automated Comparison Email

ATS Testing

- **Letter of Intent (LOI)**

- To ensure all contacts receive the automated comparison email, please include their names as the primary and secondary contacts on the LOI

- **Limitations**

- It is very important that you list all of your software limitations on the LOI prior to the start of software developer testing
- If your software does not support certain federal forms or certain line items on the North Carolina return, please provide detailed calculations and/or explanations for your test return results. See example below:

Form 1040 Line Items	NCDOR	Software Limitation
Wages, salaries, tips, etc.	7,937	7,937
Taxable refunds, credits, or offsets of state and local income tax	1,000	1,000
Schedule E (Rental real estate, royalties, partnerships, S corps, trust, etc.)	1,000	0
Total income	9,937	8,937
Student loan interest deduction	50	50
Adjusted gross income	9,887	8,887
Standard deduction	5,700	5,700
Exemptions	3,650	3,650
Taxable Income	537	- 463

ATS Testing

- Omit the following returns from your submission if your software does not support them:
 - Amended returns
 - Non-resident and/or Part-year returns
 - TPOS Form
- If limitations are not properly identified and/or timely submitted, test results will be based on supporting ALL forms, schedules and NCDOR test scenarios
 - If software limitations are provided after the testing start date, please allow at least 3-5 business days from the time the limitations are submitted before transmitting test returns
 - We will notify you once the limitations have been entered so that you can resume testing of the impacted scenarios; however please allow 3-5 business for the updates
- Expectations for MeF eFile Test Submissions
 - First initial submissions should be submitted by December 31st deadline
 - Software should be approved in 4 or fewer attempts including initial submission
 - Testing of all products should be completed by March deadline
 - Deadline date to be determined

ATS Testing

IRS Opening dates for TY2022

- Individual Income – TBD
- Corporate – TBD
- Partnership – TBD
- Estates and Trust – TBD

NCDOR ATS Testing Start Date

- eFile will communicate via email our planned start date for ATS testing (depends on IRS start date)

NCDOR Release Dates (Individual, Corporate/Franchise, Estates and Trusts and Partnership tax schedules)

- Drafts of Schemas and Business Rules posted to SES – TBD
- Final Version of Schemas and Business Rules posted to SES – TBD
- ERO Guides - TBD
- ATS Test Package – TBD

Note: Until final legislation passes, all dates subject to being impacted.

ATS Testing

Automated Comparison Email

For Tax Year 2022, we are working with our IT Department to try to reduce the non-essential data that is generated in the automated comparison email. See example below:

- AUTH Header –Removing from eMail
- Federal information-Removing from eMail
- Items received but untested-Removing from eMail
- Bolding of Schema Elements (ex. Header and etc...)

```
-----  
[Hdr] Software ID [NC Test]  
/ReturnState/ReturnHeaderState/SoftwareId  
-----
```

ATS Testing

Timely Email Responses

- eFile has to consult with other Divisions within the Department to get input regarding:
 - Tax law specific questions
 - More technical details as it relates to schema and coding logic
- We will continue working closely with these area's to provide a response within 1-3 business days.
- For TY2021 testing season, email responses were delayed due to:
 - Higher than normal volume of emails received
 - Limited staff
 - Shorter window to test and provide approvals for all software providers
 - Goal for TY2022 is to send email acknowledgements to confirm receipt of the emails that are submitted to the NCTaxEfile email account

Perfection Period

- We are working with our developers to re-vamp the perfection period coding
- For Tax Year 2022, our goal is to take your concerns with the perfection period process and work with our development team to modify the current process to eliminate return rejections

eFile MeF Approval Season Process

Overview

- In 2020, eFile implemented the MeF Approval Season Process
- The two additional documents shown here will be provided with the approval letter:
 - eFile 20XX Approval Season Process Report
 - eFile Feedback for Software Developers

Software Developer Code(s)	Name of Product	1st Test Set Submissions Reviewed	2nd Test Set Submissions Reviewed	3rd Test Set Submissions Reviewed	4th Test Set Submissions Reviewed	5th Test Set Submissions Reviewed	6th Test Set Submissions Reviewed	# of Complete Set of Submissions Reviewed	Approval Date	Approved Timely
PINKPATHOL	NCDORTAX.com	11/15/2019	11/20/2019					2	11/22/2019	Yes
PINKPATHDT	PinkTax	11/20/2019						1	11/22/2019	Yes
PINKPATDIY	PinkTax	11/20/2019						1	11/22/2019	Yes
PINKPAMAC	PinkTax									

Good Afternoon Mickey Tax Company,

Thank you for partnering with the eFile Unit at the North Carolina Department of Revenue (NCDOR) for the 2020 MeF Software Developer testing season.

Your company has adhered to the strict processing guidelines of NCDOR and we appreciate all of your efforts to acquire the requested approvals during the 20XX Approval Season.

Based on your performance, we want to provide feedback of your company's approval process for the MeF ATS test cases. See the attached 20XX Approval Process Report and the chart below to give you a better understanding of your rating.

Your performance for the 20XX Approval Season was based on the following classifications:

Rating	Classification	Submissions
Level 1	Exceeded Expectations	1-2
Level 2	Meet Expectations	3-4
Level 3	Improvement Needed	5 or more

Our standards are four or less complete submissions reviewed by the March 6, 2020 deadline.

Your classification rating was based on the submissions reviewed prior to approval. We also took into account your software limitations and whether or not you provided detailed calculations timely.

Level 1: Our records show that your company had one to two submissions, and you provided your detailed calculations based on your software limitations. Your approval process Exceeded Expectations and we hope that you continue to work at this level.

Level 2: Our records show that your company had three to four submissions, and you provided your detailed calculations based on your software limitations. Your approval process Meet Expectations and is at an acceptable level. We hope that you continue to maintain your approvals at this level or higher.

Level 3: Our records show that your company had five or more submissions, and you did not provide your detailed calculations timely. We would like to meet with you before June 30, 2020 to review the Department's best practices in your approval process so you can better meet our expectations for the upcoming approval season.

We will follow up to see when we can meet or you may contact us.

Thanking you in advance.

eFile MeF Approval Season Process

IND

- 100% of Individual Software Developers were able to meet the expectations for the 2021 Approval Season for MeF of 44 products

CORP

- 100% of Corporate & Franchise Software Developers were able to meet the expectations for the 2021 Approval Season for MeF of 19 products

PART

- 100% of Partnership Software Developers were able to meet the expectations for the 2021 Approval Season for MeF of 19 products

E&T

- 100% of Estates and Trust Software Developers were able to meet the expectations for the 2021 Approval Season for MeF of 11 products

TY2022 MeF Updates

- New Schemas
 - For proposed new forms:
 - Estimated Income Tax vouchers for Partnership and S Corporations
 - D-400 Net Operating Loss (NOL)
 - D-407 Net Operating Loss (NOL)
- Form Addition
 - Add NC-PE form for S Corporations, Partnerships and Estates and Trusts taxpayers

MeF Reminders

- Please provide a Primary and Secondary contact on your LOI in order to receive an Automated comparison email
- Please review the ERO guide annually
- Please alert the Department as soon as you encounter a production issue
- Please perform Regression testing for current and prior year returns when software updates are made
- Please do not communicate to tax professionals or taxpayers that the Department can help with software diagnostic issues
- Please do not encourage tax professionals or taxpayers to paper file returns when they don't receive acknowledgements

Information and Reporting Applications

- eNC3
 - Notable increases in support of electronic NC-3, W-2, and 1099 data
 - 30% increase in NC-3 submissions
 - 11% increase in W-2 submissions
 - 18% increase in 1099-NEC submissions
 - (as of May 31st, 2022)
 - Release date of TY2022 specification documents is TBD
- Server-to-Server (S2S) Pilot Program Continues
 - Currently supports submission of forms NC-3, W-2, 1099-R, 1099-MISC, 1099-NEC
 - More information will be communicated regarding the availability of this filing method to a broader selection
- eNC5Q
 - 29% increase in eNC5Q submissions compared to the previous year.
 - Release date of the TY2023 specification documents is TBD

Information and Reporting Applications Reminders

- NCDOR system is designed to follow all of these:
 - IRS Publication 1220
 - SSA Publications EFW2 and EFW2C
 - NCDOR supplemental specifications
- If filing forms electronically, do not send in the duplicate paper documents
- Test button is available for testing file format(s)
- Test your file formats with the eFile Development Unit and your company will be listed on the NCDOR website
- Educate your customers/clients to contact you for any software diagnostic errors that are generated within your software - NCDOR cannot assist with your software diagnostic errors
- Use form NC-5PX to mail payments as the eNC5Q application does not support filing of payments

eFile Contact Info

eFile Unit

Email address: NCTaxEfile@ncdor.gov – MeF or general questions

Email address: eNC3@ncdor.gov – eNC3, eNC5Q and S2S questions

Phone: 919-814-1500

Fax: 919-715-6158

Management

Stephanie Denton - Director

Lei Satterfield – Assistant Director

Felecia Coley-Roberson – Manager

Janie Wright – Supervisor

Unit Members

Vickie Grant

LaSonya Jenkins

Dakota Rand-Griffith

Wendy Greer

William Hill

Penny Conners

Q & A



SPD | SUBMISSIONS PROCESSING DIVISION

THANK YOU!