Virginia Department of Taxation

Corporation and Pass-Through Entity e-File Guide and Specifications

Tax Year 2017

Table of Contents

Guide Overview and General Updates

The Virginia Department of Taxation (Virginia Tax) designed this guide as an overview of processing updates and legislative changes that impact Corporate / Pass-Through Entity (PTE) Income Tax e-Filing. Additional details can be found on our website and in the Corporate / PTE Income Tax return instructions.

Software Partner Agreements

All Virginia Vendors

In order to participate in the Virginia Fed/State e-File program, all vendors supporting Virginia returns must submit a completed Software Provider Registration Form and Letter of Intent Form (LOI). Refer to the details for our handling of **new** vendors and of **existing** vendors.

- Virginia Tax website – provides the Registration Form

- State Exchange System (SES) – provides the LOI, e-File Documentation, and Substitute Forms Documentation
  - *e-File Documentation = schemas, business rules, test scenarios, signature forms, and guidelines*
  - *Substitute Forms Documentation = 760CG package, 2D exact specifications, test scenarios, 1D barcode details, standards guideline, check digit calculator and other print form specifications*

New Virginia Vendors

NOTE: Vendors also go through a separate process to be added to the list of State Exchange Industry Authorized Users.

1. Once the **Registration Form** is received, and a vendor **suitability review** is performed, Virginia Tax will provide access to the secure SES site in order for the vendor to access the Virginia LOI.

2. Once the **LOI** is completed, Virginia Tax will give the new vendor access to e-File Documentation and Substitute Forms Documentation as per details in their Registration Form.

3. **Testing** will be allowed once the signed LOI is received and approved.

Existing Virginia Vendors in Good Standing

As agreed to by the IRS / State / Industry Summit Working Groups for vendors on the State Exchange Industry Authorized Users List:

1. Once the **Registration Form** is received, Virginia Tax will provide access to the secure SES site for the Virginia LOI, e-File Documentation, and Substitute Forms Documentation as per details in their Registration Form.

2. **Testing** will be allowed once the signed LOI is received and approved.

E-Standards –Authentication Header

The Virginia Corporate / PTE e-File program will support the Authentication header. Vendors should capture and pass all available elements as defined in the Authentication Header Schema. Vendors must capture and pass authentication schema elements as requested by the Virginia Fed/State e-File program.

Screenshots

Virginia Tax may request vendors to produce certain screenshots to ensure messaging for data collection is clear.

Special Instructions

Form Updates/Schema Updates

A full review of schema and form instructions is critical for ensuring all changes and updates are incorporated.

Due Date

If the due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next succeeding day that is not a Saturday, Sunday or legal holiday. The return must be accompanied by full payment of the tax due as reported on the return. Virginia Tax does not recognize Washington DC's Emancipation Day as a holiday.

Corporations
- Every corporation income tax return must be submitted on or before the 15th day of the fourth month (15th day of the sixth month for nonprofit corporations) following the close of a corporation's taxable year.
- For C-corporations – the automatic filing extension period has been extended from 6 months to 7 months. For calendar year filers, this makes a new extended due date of November 15th.

Pass-Through Entities
- Payment of the withholding tax is due by the original due date for filing Form 502 (i.e., April 15 for a calendar year return). The automatic filing extension for Form 502 does not apply to the withholding tax payment.
- If the entity chooses to use the automatic filing extension for Form 502, the withholding tax payment must be submitted electronically no later than the original due date for filing Form 502.

Credit Updates

- **Removed**
  - The Day Care Facility Credit has expired and has been removed from the 500CR, 500T, 502-ADJ, and Schedule VK-1.
  - The Coalfield Credit Earned for Current Tax Year has expired and has been removed from the 500CR, 500T, 502-ADJ, and Schedule VK-1.
  - The binary attachment requirement for Clean Fuel Job Creation Credit has been removed from the 500CR and the 502-ADJ.
- **Added** – Carryover Lines are now allowed for the Major Research / Development Expenses and Food Crop Donation Tax Credits.
- **Updates** – Coalfield Credits claimed are now supported by Form 306B, instead of Form 306.

Other Code Updates
- Addition Codes – no changes
- Subtraction Codes – review the applicable Corporate / PTE TY2017 Instructions for changes to codes for subtractions for the 500-ADJ, 502-ADJ and Schedule VK-1.

Required Checkbox Element in Schema

Virginia Tax uses the required element.

- <FederalReturn> with 2 choices <AttachingXMLChkbx> and <AttachingPDFChkbx> to identify if the federal form is attached as an XML or a PDF.
- Child element <AttachingPDFChkbx> has a required attribute, referenceDocumentId in the schema.
- The 2 checkboxes are not located on the tax form as an element but are schema requirements.
- Virginia Tax requires a copy of the complete federal return, including federal binary attachments, in the state submission.

Schedule 500AC – Schedule of Affiliated Corporations

Corporations filing as Combined or Consolidated are required to submit a Schedule 500AC for each member, including the parent company, that is doing business in Virginia, or that has Virginia source income, and is part of the group included in this tax return. The number of Schedules AC enclosed with the return must equal the number of affiliates reported on Form 500, Page 1.

Overview of Virginia Fed/State e-File Program

Virginia's Corporate and PTE e-File program works with the IRS Federal/State e-File program.

This allows Providers to file both federal and state returns electronically for the taxpayer. In addition to accepting federal and state corporate income tax returns or PTE tax returns electronically in a single transmission, State Only returns are also accepted.

An e-File tax return consists of tax forms, schedules, and attachments that can be submitted.

The tax return uses schemas created using Extensible Markup Language (XML).

This language defines the structure and content of an XML document to implement all forms, schedules and attachments in electronic format for e-File. Business rules are created to specify requirements that cannot be defined in the XML.

The Corporate and Pass-Through Entity e-File program will start accepting production Corporate and PTE income tax returns in January when the IRS is open. This date is based upon IRS System availability and is subject to change.

Virginia e-File Calendar – Tax Year 2017

Virginia Tax follows the IRS e-File calendar and dates are based upon IRS System availability and are subject to change.

- ATS testing begins (in conjunction with the IRS)   November 2017
- Begin transmitting returns to IRS/Virginia   January 2018

Supported Tax Years

Virginia's Corporate and Pass-Through Entity e-File program accepts original and amended returns for:
- Tax Year 2017
- Tax Year 2016
- Tax Year 2015

Software Design Information

Software Developers (including developers acting as EROs) must:

- Develop tax preparation software according to statutory requirements and Virginia tax return preparation instructions. For details, use the following resources in our Laws, Rules & Decisions.
    - Tax Code of VA, Regulations, Legislative Summaries & Rulings of the Tax Commissioner
    - Tax Bulletins, Attorney General's Opinion & Guidance Documents
- Provide accurate Virginia Corporate income and accurate Virginia PTE tax returns in correct electronic format for transmission through the Fed/State e-File program.
- Develop software capable of producing a printed copy of the complete electronic filing.
- Provide up-front data validation, verification and error detection to prevent transmissions of incomplete, inaccurate or invalid return information.
- Prevent electronic filing of any form not approved and/or supported for electronic filing by Virginia.

Routine System Maintenance

Routine System maintenance is generally on Sunday from 12:00 am to 8:00 am, EST. In addition, Virginia Tax may conduct system maintenance on weekends as well.

This process may result in intermittent down time for transmitters. Work scheduled during this window will generally not be communicated to the software developers. For details regarding system status and/or possible delays, refer to the IRS e-File Status page and sign up for IRS Alerts.

Types of Electronic Filing

Types of Electronic Filing

Virginia's Corporate and PTE e-File programs accept 2 kinds of submissions: Linked and Unlinked.

Linked

Linked filing occurs when the federal and state returns are filed together in 1 transmission to the IRS. The IRS validates and verifies the federal return data. The IRS will either accept or reject the federal return. The state return is made available to Virginia Tax **only if** the federal return is accepted by the IRS. The corresponding federal submission id is submitted in the state manifest.

If a federal return is rejected in a Linked submission, the state return is not made available to Virginia Tax. In this case, the next correct transmission should include **both** the federal return and the state return.

Unlinked

Unlinked filing occurs when the state return is transmitted through the Fed/State system **without** simultaneously transmitting an original federal return. The software must support unlinked filing in order for the state only transmissions to be available to the electronic filer.

Unlinked returns are transmitted to the IRS and made available for states to retrieve in the same fashion as the Linked transmission. The corresponding federal submission id is not submitted in the state manifest.

Virginia Tax requires a copy of the complete federal return, including federal binary attachments, in the state submission.

Forms and Schedules for e-File

Supported Forms and Schedules

The Virginia Tax schemas are used in conjunction with IRS Federal/State schemas. Our state specific schemas support the forms and schedules listed below.

Corporate Income Tax Return

- **Form 500** – Virginia Corporate Income Tax Return
- **Schedule 500AB** – Schedule of Related Entity Add Backs and Exceptions
- **Schedule 500AC** – Schedule of Affiliated Corporate Consolidated and Combined Filers
- **Schedule 500ADJ** – Schedule of Adjustments
- **Schedule 500A** – Multistate Corporate Allocation and Apportionment of Income
- **Schedule 500CR** – Credit Computation Schedule
- **Schedule 500FED** – Schedule of Federal Line Items
- **Form 500C** – Underpayment of Virginia Estimated Tax
- **Form 500T –** Telecommunications companies Minimum Tax
- **Form 500EL –** Electric Suppliers Corporation Minimum Tax and Credit Schedule

PTE Return of Income & Return of Nonresident Withholding Tax Return

- **Form 502 –** Virginia Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax
- **Schedule 502A –** Multistate Pass-Through Entity
- **Schedule 502ADJ –** Pass-Through Entity Schedule of Adjustments
- **Schedule VK-1** – Owners Share of Income and Virginia Modifications and Credits
- **Schedule VK-1 Consolidated** – *Print Only* – PTEs granted an electronic filing waiver may use this consolidated version to mail in VK-1 data for multiple owners.

PDF and Binary Attachments

PDF Attachments

The PDF attachment(s) for credits, adjustments or amounts requiring documentation is optional. Even though the PDF attachment(s) was made optional, the PDF is still required for specific filing scenarios.

A **missing document letter** requesting the document in paper format will be sent out to the users if certain scenarios exist and the PDF attachment(s) are not properly attached (via its **referenceDocumentId**) to the Virginia Tax Return.

Missing PDF attachments and PDFs not properly attached (via its **referenceDocumentId**) will delay the processing of the return and the credit, adjustment or amount could be denied. Virginia Tax approved software vendors **are required** to provide a message to users advising taxpayers of this potential.

Reference Doc IDs are necessary in the programming to ensure correct attachment of the PDF.

Form 500 – PDF Attachments

PDFs are required with Form 500 for the following scenarios.
- The Non-apportionable Investment Function Net Income and Loss requires a statement(s) (applicable only to multistate corporations) Lines 8c and 8d, Form 500.
- IRS final determination is required when the Federal Audit checkbox on Page One Form 500 is checked.
- The federal form when not supported as an XML by the IRS.

Schedule 500CR – PDF Attachments

PDFs are required with Form 500CR for the following scenarios.
- Enterprise Zone Act Credit
- Conservation Tillage Equipment Credit
- Biodiesel and Green Diesel Fuels Tax Credit
- Precision Fertilizer and Pesticide Application Equipment Credit
- Vehicle Emissions Testing Equipment Credit
- Coal Employment and Production Incentive Tax Credit
- Coalfield Employment Enhancement Tax Credit
- Agricultural Best Management Practices Credit
- Waste Motor Oil Burning Equipment Credit

Schedule 502-ADJ – PDF Attachments

PDFs are required with Schedule 502 ADJ for the following scenarios.
- Enterprise Zone Act Tax Credit
- Enterprise Zone Act Zone Investment Tax Credit
- Conservation Tillage Equipment Credit
- Biodiesel and Green Diesel Fuels Tax Credit
- Precision Fertilizer and Pesticide Application Equipment Credit
- Clean-Fuel Vehicle Tax Credit
- Vehicle Emissions Testing Equipment Credit
- Agricultural Best Management Practices Tax Credit
- Waste Motor Oil Burning Equipment Credit
- Coalfield Employment Enhancement Tax Credit
- Coal Employment and Production Incentive Tax Credit

PDF – Binary Attachments

Virginia Tax requires certain supporting documentation to be sent as PDF attachments. All PDF attachments must be listed in the binary attachment portion of the return. The **referenceDocumentId** attribute must be used to link the attachment to the appropriate location on the return. Virginia requires a separate PDF file and **referenceDocumentId** for each attachment.

Users **must**:
- Either have a scanner that allows them to scan documents into a PDF file; or
- Have another tool that allows them to save a Word / Excel file into a PDF.

 Approved e-file tax preparation software **must**:
- provide the necessary instructions for creating, scanning or exporting documents in PDF format; and
- Submit these documents as attachments that are required by Virginia Tax.

Virginia Tax prefers to receive the required binary attachment(s) with the e-filed return. However, if binary attachments are not included, advise taxpayers to mail in their documentation **only after** Virginia Tax has issued them a "Missing Documentation Letter".

Names and Descriptions for PDFs

For all PDF attachments, the preparation software must provide the taxpayer the ability to enter a meaningful description.

For example, if 3 out-of-state returns are needed, each out of state return attachment is required to be sent in a separate PDF file with a separate **referenceDocumentId**. The same applies to Credits on Schedule CR that require PDF attachments.

PDF File Guidelines

When creating a PDF file for the e-File submission, follow these guidelines. The IRS and Virginia Tax need a PDF using any compatible software that creates a PDF.
- Do not password-protect or encrypt PDF attachments.
- Do not exceed 60MB (uncompressed) for each PDF file.
- Keep binary attachments as small as possible.
  NOTE: Exporting a document to create the PDF makes a much smaller file compared to scanning it.
- Set the compression/quality on the "Create PDF From Scanner" to higher compression in order to lower the file size when the source document is of adequate quality and from scanner input.
- Avoid requiring compatibility with Adobe Acrobat earlier than Version 8; it increases the file size.
- Each PDF must start with **%pdf-** and end with **%%EOF**.
- The return rejects if a PDF is not properly formatted.
  NOTE: This error occurs if by the submitter tries to alter a PDF outside of the product that created it.

Create the PDF File

Create 1 Binary Attachment XML document for each binary attachment in the Submission. There is a one-to-one relationship between the PDF file and the Binary Attachment XML document that describes it.
- In the "AttachmentLocationTxt" element – provide the PDF file with a name, including the extension.
- In the "Desc" element – provide a brief meaningful and unique description of the file contents.

PDF File Name
- The file name is case sensitive and must **exactly match** the name in the "AttachmentLocationTxt" element.
- The schema for the Binary Attachment document is defined in the file named "BinaryAttachment.xsd".

Desc Element
- The "Desc" element in the BinaryAttachment.xsd cannot exceed 128 characters.
- Make it as meaningful as possible; the description is displayed to the IRS User to identify files contents.
  NOTE: Form 306B or Form 301 is meaningful, while Other, Miscellaneous and Form Attachment are not.

Create Reference
- The references (if any) are created from the element(s) to which the PDF file is "attached" to the "Binary Attachment XML document".
- If the PDF file is to be attached to an element for a line/form/schedule, create a reference from the element to the Binary Attachment XML document.

Number of Attachments
- The number of binary attachments must be included in the submission in the binaryAttachmentCnt attribute.
- This is used to indicate the number of binary attachments in the return, for the element ReturnHeader.

Attachment Folder
- Include the PDF file in the attachment folder in the submission zip.
- Like-kind binary attachments should be placed adjacent to each other in the submission data XML.
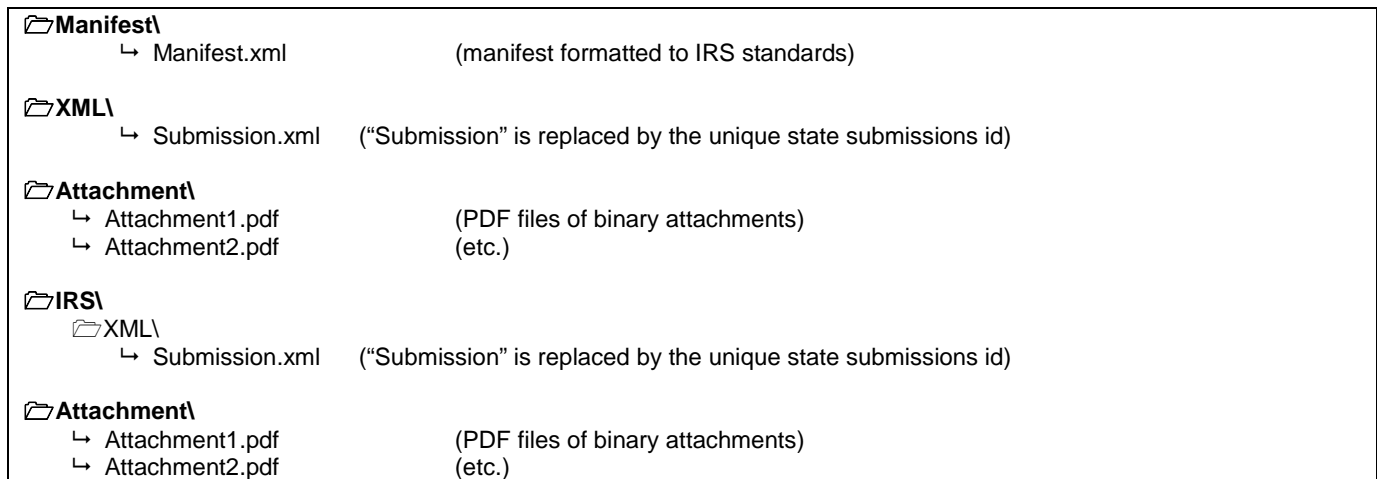
File Structure & Return Packaging

Transmitters can transmit federal and state submissions using Web Services.

A state submission contains XML data and binary attachments. The state return may also contain a copy of part or all of the taxpayer's federal return. The state determines what part of the federal return the taxpayer should include in the state submission.

Like a federal submission, the state submission must be zipped into its own file and placed into the container zip file. This file is then attached to the Send Submissions service request. Federal and state submissions can be included in the same attachment (container zip file) or each in their own zip file.

The state submission or filing under Corporate/PTE e-File is a zipped package. The following diagram shows the structure of the unzipped return package. The leading slash, "/" is optional.

```
📂Manifest\
     ↳ Manifest.xml              (manifest formatted to IRS standards)

📂XML\
     ↳ Submission.xml     ("Submission" is replaced by the unique state submissions id)

📂Attachment\
     ↳ Attachment1.pdf          (PDF files of binary attachments)
     ↳ Attachment2.pdf          (etc.)

📂IRS\
   📂XML\
     ↳ Submission.xml     ("Submission" is replaced by the unique state submissions id)

📂Attachment\
     ↳ Attachment1.pdf          (PDF files of binary attachments)
     ↳ Attachment2.pdf          (etc.)
```

A federal or state submission must include the **/manifest** and **/xml** archive directories and may include an optional /attachment directory.

If the submission is a state submission, the same archive directories will contain the state submission manifest, state submission and PDF documents attached to state submission, respectively.

In addition to these archive directories, a state submission may also include optional **/irs/xml** and **/irs/attachment** archive directories. If present, they contain the federal submission and PDF documents attached to the federal submission.

Sample non-XML Document Attachment

If the node type defined in the schema begins with 'VARef',
- it must have attached documentation; and
- it must have an attribute called 'referenceDocumentId'.

Any Binary Attachment node must have an attribute called 'documentId'. The documentIds used must be unique.

The **referenceDocumentId** attribute value must match exactly the value of the attribute called 'documentId' in a Binary Attachment node in the return XML. If not, it will fail schema validation.

```
Example:
        documentId="1"
        documentId="2"
        Or
        documentId="PDFAttach1"
        documentId="PDFAttach2"
```

The "AttachmentLocationTxt" element in the Binary Attachment node in the return XML contains the name of the PDF file. The file name is case sensitive and must exactly match the name of the file attached to the submission. If not, it will fail the schema validation. See the example highlighted below.

Use the following guidelines to include binary attachment(s).
- Include the total number of binary attachment(s) in the binaryAttachmentCnt attribute in the ReturnHeader element.
- **<ReturnHeaderState binaryAttachmentCnt="1">**

```
Example of binary attachment linking an element:
<CreditABC>
<CreditABC>1234</CreditABC>
<Form JKL referenceDocumentId="1">X</Form JKL>
</CreditABC>
<BinaryAttachment documentId="1">
<Reference>CreditABC</Reference>
<DocumentTypeCd>PDF</DocumentTypeCd>
<Desc>JKL</Desc>
<AttachmentLocationTxt>JKL.pdf</AttachmentLocationTxt>
</BinaryAttachment>
```

Refunds and Payments

Refund Returns

Refunds are only available via paper check. Taxpayers may opt to have part or all of their overpayment applied to their estimated taxes for the next year. For other arrangements, taxpayers may contact Customer Services.

EROs should advise taxpayers that they can avoid refund delays by:

- Having all of their taxes and obligations paid;
- Providing current and correct information to the ERO;
- Ensure that all bank account information is up-to-date and entered correctly; and
- Ensuring the information on the tax return is correct before signing it.

Balance Due Returns

All corporations and PTEs must pay the tax due payment electronically. Three options are available to comply with the electronic requirement: e-File, eForms, and ACH Credit.

Payment by Direct Debit via e-File
- Prior to initiating this transaction, **notify the bank** that Virginia Tax is authorized to debit the bank account. Some banks use a "filter", which prevents unauthorized debits against a customer's account to occur. If the bank requests a filter number/Company ID for the debit transactions, contact (804) 367-8037 to obtain this number/ID. If the bank denies the EFT payment, the denial is handled like a returned check and late payment charges apply.
- Taxpayers can **schedule / warehouse** a payment for withdrawal on a future date. A scheduled payment must be effective **on or before** the original return due date.

Payment by Direct Debit via e-Forms – Electronic Payments can be made via Virginia Tax's eForms system. Both the 500V and the 502V are supported and allow for payments with a checking account.

Payment by ACH Credit via Taxpayer's Bank – Businesses can pay via ACH Credit and initiate sending payments from their bank account to Virginia Tax's bank account. Review the Electronic Payment Guide for details regarding general requirements and the set up with financial institutions, which may include fees.

Payment by Check

A check is **allowed only if** the taxpayer has an approved electronic filing waiver.

Software can provide the applicable payment voucher when the taxpayer opts not to pay the tax due e-filed return by direct debit. Instructions for e-filed returns must advise taxpayers to use the PO Box addresses for direct mailing to Virginia Tax.

Advise taxpayers to do the following when paying by check for their e-filed return.

- Always mail your payment voucher with your payment **directly to the Virginia Tax address** on the voucher to ensure timely and correct posting to your tax account.
- Do not mail your payment with a copy of the e-filed return to Virginia Tax, as this can cause a problem when posting the payment to your tax account.

  - **Form 500V – Corporation Income Tax Payment Voucher:** This form must be produced by the software when tax due return data is filed electronically but the payment is not filed electronically.
  - **Form 502V – Pass-Through Entity Tax Payment Voucher** This form must be produced by the software when tax due return data for a PTE return is filed electronically – but the payment is not filed electronically.

Acknowledgements

Electronic Postmark

A Transmitter may provide an electronic postmark to taxpayers that file Tax Returns through an ERO or through an Online Provider (Online Filing).

The Transmitter creates the electronic postmark bearing the date and time, GMT time format, (in the Transmitter's time zone) that the return is received at the Transmitter's host computer. The taxpayer must adjust the electronic postmark to the time zone where the taxpayer resides in order to determine the postmark's actual time.

If the electronic postmark is:
- **on or before** the prescribed deadline for filing, **but received after** the prescribed deadline for filing – the return is treated as filed timely
- **after** the prescribed deadline for filing – the return is treated as being filed late
- **not available** – the IRS received date is used

Acknowledgement of e-File Returns

Virginia Tax provides an acknowledgment for each return received. The file type will be either "Accepted" or "Rejected". Acknowledgement files must be retained for 1 year after submission.

Accepted

- This indicates that the electronic return was received and accepted.
- The transmission successfully completed the pre-entry validation process and no further action is required.

Rejected

- This indicates that the electronic return was received and rejected.
- Virginia approved software vendors **must** mirror image the provided Acknowledgement Error Message for each reject while sending it back to the taxpayers.
- The Acknowledgment contains codes with error descriptions, (in the Business Rules Document), that indicate the cause of the rejection.
- The error condition(s) must be corrected before the return can be re-transmitted.

Resubmission of Rejected Tax Returns

If Virginia Tax rejects the e-Filed return (and the ERO cannot rectify the reason for the rejection) the ERO **must** take reasonable steps to inform the taxpayer of the rejection within 24 hours.

EROs must provide the taxpayer with the reject code(s) and an explanation.

If the taxpayer opts not to have the e-Filed return corrected and transmitted to Virginia Tax, or if Virginia Tax cannot accept the return for processing, the taxpayer must file a timely paper return.

Perfection Periods for Rejected Submissions

Virginia does not allow the IRS return perfection period. A return must be **transmitted and accepted** by the Virginia due date of the return to be considered timely filed.

Validating Tax Returns

Once the transmission file passes validation, the e-File program validates the submissions contained in the file. Submission validation consists of 2 parts: Schema Validation and Business Rule Validation.

Schema Validation

Schemas provide the basic definition for elements – field length, data type, allowable values, etc. Data integrity depends on each data element complying with the data format specifications. If the tax preparation software uses the State-defined XML schemas to create the XML tax return, there should be no data format errors in the return.

If an error is found during Schema Validation, processing stops. Neither the remaining Schema Validations nor the Business Rules will be applied to that submission. If the error is found in the Manifest (described in the next section), the submission (xml archive) will not be Schema Validated either.

The e-File program verifies this by validating each return in the transmission file against the schemas. The 4 Virginia Tax schema validation business rules can be found on the secure State Exchange System.

Business Rule Validation

The e-File program uses a business rule engine to validate returns against the rules.

As submissions are validated, the acknowledgements are made available to the transmitter for retrieval. When a rule with severity "reject and stop", or "reject" is violated – an error is generated. Errors result in a rejected return. The complete listing of business rules can be found in on the secure State Exchange System.

Manifest Values

The state manifest **must match** the Government Code, State Submission Type and Submission Category listed below.

GovernmentCd (Government Code)	StateSubmissionTyp (State Submission Type)	SubmissionCategoryCd (Submission Category)	
VAST	VA500	CORP	PTE
VAST	VA502	**CORP** – attaching Federal 1120 Family **PART** – attaching Federal 1065 Family	**PTE** – attaching Federal 1120 Family **PART** – attaching Federal 1065 Family

Transmission Requirements

An **Authorized e-file Provider** participating in Virginia Tax e-file as a Transmitter **must**:

- Retrieve the acknowledgement file within 2 business days of transmission and match it to the original transmission file;
- Send the acknowledgement file containing all conditions on accepted returns to the ERO or Intermediate Service Provider within 2 business days of retrieving the acknowledgement file;
- Retain an acknowledgement file until the end of the calendar year in which the return was e-filed;
- Contact the Corporate e-file Administrator at Bus_eFile@tax.virginia.gov for further instructions, if an acknowledgment of acceptance for processing has not been received within 2 business days of transmission;
- Correct an error that causes a the transmission to be rejected;
- Ensure the security of all transmitted data and ensure against unauthorized use of its EFIN or ETIN.

Transmission Requirements

If Virginia Tax **accepts** the e-filed return, the **Transmitter** must notify the taxpayer of the following:

- The date the transmission was accepted
- The Submission ID

If Virginia Tax rejects the e-filed return, the **Transmitter** must notify the taxpayer of the following:

- The date the transmission was rejected and what the reject code(s) mean;
- Steps to take to correct the errors; and
- The taxpayer must file a timely **paper** return:
    o if the electronic return cannot be corrected and retransmitted to Virginia Tax, or
    o if Virginia Tax cannot accept the return for processing.

A Transmitter that receives returns from an Intermediate Service Provider for Online Filing must adhere to the same requirements as a Transmitter that transmits ERO returns received from Intermediate Service Providers.

Additional Requirements for Transmitters Participating in Online Filing

Transmitters participating in Online Filing must follow all of the above requirements and also **must**:

- Ensure the transmission includes the assigned Online Filing EFIN in the appropriate field;
- Ensure that the ISP's EFIN is included in the electronic return data, when applicable;
- Assign a Submission ID to each taxpayer's return and include it in the e-filed transmission;
- Notify the taxpayer of the return's status electronically within 2 business days of retrieving the acknowledgement file or by mail within 1 business day of retrieving the acknowledgement file;
- Provide the Internet Protocol Information (Address, Date, Time and Time Zone of the computer used to e-file);
- Include the "Online" in the "Originator Type Code" schema element.

Software Acceptance, Testing and Approval

e-File Software Acceptance, Testing and Approval Guidelines

This section includes information for testing Virginia Tax Corporate and PTE e-File returns through the e-File platform (Assurance Testing System, ATS). Based on the current Virginia schemas, included in the e-File Test Package, are multiple test scenarios meeting the required test criteria for acceptance into the Corporate and PTE Fed/State e-File Program.

To schedule testing, e-mail the Virginia Tax e-File Administrator at Bus_eFile@tax.virginia.gov prior to submitting tests. The Virginia Software Partner Agreement clarifies the requirements for allow testing to start (ex. signed/completed LOI).

Test returns must be transmitted through the IRS ATS System with complete submissions. The transmission method is a Web Service using Simple Object Access Protocol (SOAP) with attachment messaging.

Return data is formatted using XML. Each return should be in a separate submission and multiple submissions may be within a single message payload. Software developers will be notified of the test results and approval by email.

Testing Purpose

The purpose of testing prior to live processing is to ensure that the following conditions are met:

- Software is correctly formatted
- Schemas agree with Virginia Tax specifications
- Edits agree with Virginia Tax specifications
- Electronic submissions are retrieved and processed correctly
- Transmitters retrieve responses from e-File including acknowledgement files

Who is Required to Test

Tax software developers and transmission software developers planning to participate in the Virginia Fed/State e-file Program must submit tests and be approved prior to submitting live TY2017 Virginia returns.

Prior to testing, all software developers and transmitters must have obtained an ETIN and EFIN from the IRS. They must also have completed the Virginia Registration and submitted a signed Virginia LOI. (See Page 2 of this guide for details.)

Test Submissions Schedule

Test submissions to Virginia Tax are scheduled to begin early November 2017.

This is subject to change depending on IRS ATS system availability and Virginia availability. Software developers may transmit test returns for TY2017 until the IRS e-File system shuts down for filing season. Virginia Tax expects initial testing for approvals to be completed before the IRS e-File processing season opening date.

Transmitting Test Submissions

Software developers should email the Business e-File Administrator at Bus_eFile@tax.virginia.gov prior to testing and provide the following information.
- Company Name & Contact Person
- Email Address & Phone Number

Returns must be transmitted through the IRS e-File System. Both Linked returns and Unlinked returns can be submitted through the IRS Federal/State System.

Virginia Tax requires a copy of the **complete federal return** in the state submission, including binary attachments. Each return should be in a separate submission and multiple submissions may be within a single message payload.

What is Tested

The test package contains the test scenarios for the test returns to be submitted for product approval. Testing scenarios will be provided per the **Corporation and Pass-Through Entity e-File Test Package** on the State Exchange System, once Corporation Income and PTE form/schedule instructions are posted.

The range of test FEINs 00-0200000 through 00-2500000. Virginia Tax only accepts these FEINs during testing. If a **live return** is submitted with a FEIN with this range, it will be **rejected**.

It is mandated to support the Virginia Tax corporate form (Form 500) and PTE (Form 502) in addition to all schedules. However, the test scenarios may be submitted with adjustments for those schedules not supported. For example, credit(s) on the return from Schedule 500CR may be omitted if the Schedule 500CR is not supported.

Testing of additional conditions is permitted. FEINs used for the test scenarios in the Corporate and PTE e-File Test Package **must not be used** on additional tests. If interested in testing additional conditions, Developers must notify the Virginia Tax e-File Administrator at Bus_efile@tax.virginia.gov.

Acknowledgements on Test Submissions

Virginia Tax sends acknowledgements to the IRS e-File Fed/State Acknowledgement System in the format defined by the IRS Acknowledgement schema for both testing and production.

Acknowledgements are sent through Virginia's ATS system for the returns received. Allow 3 – 5 business days to receive state acknowledgments. Vendors must retransmit a test return until all tests have been accepted.

Once the test package passes business rules and schema validations, vendors can provide Submission IDs to the e-File Administrator at the Bus_eFile@tax.virginia.gov mailbox for it to be reviewed. Software developers will be notified of the test results and approval by email.

Unless the software developer is the ERO, the developer is responsible for providing the Virginia acknowledgements to the ERO within 2 days after receipt of the acknowledgement.

Software Approval

For final approval, the software vendor must transmit all test returns in 1 single transmission **without errors** which includes business rules error, schema errors and errors pointed out by the Virginia e-File unit.

The software vendor must confirm receipt of the state acknowledgements. They should coordinate ATS test submissions with the submission of paper forms for testing and approval to avoid delays in full approval, as both the print and electronic testing must be complete before access to e-File Production is allowed.

Once testing is complete, an email is sent to the software developer vendor to confirm the product(s) approval and to request the company URL to be added to our website as an approved Virginia Tax certified software product.

If a software developer initially tested with the limitations and later decided to support additional forms or schedules not included in the initial testing, the software developer **must** inform the Administrator at Bus_eFile@tax.virginia.gov. The added forms or schedules **must** successfully pass testing before moving to Production.

Developer Contacts and Resources

Email Updates

Virginia offers a free online service that provides up-to-date information on events that affect e-File throughout the filing season and beyond. Sign up for Email Updates to receive these emails.

Phone Numbers & Email

Hours of Availability – Monday – Friday, 8:30 a.m. – 5:00 p.m.

- Customer Services – (804) 367-8037
- Tax Professionals Hotline – (804) 367-9286
- Corporate & PTE e-File mailbox – Bus_eFile@tax.virginia.gov

Website Resources

This section provides general website resources that impact e-Filing Corporate and PTE data Additional details can be found in the links to our website as well as in the instructions for Corporate and PTE tax returns.

Corporate e-File – information and updates to Corporate e-File stakeholders

PTE e-File – information and updates to PTE e-File stakeholders

Online Payments – options for electronic return payments, electronic bill payments and related tax information

Early Release Forms (TY2017) – drafts of tax forms

Web Forms – all forms supported by Virginia Tax

Legislative Summary Reports

What's New – Tax Credits

Virginia's Fixed Date Conformity with the Internal Revenue Code

Review the Fixed Date Conformity in Virginia section of our website for details regarding Virginia Tax's date of conformity advancement with the Internal Revenue Code (IRC).