# Tax Paid Other States Schema Information

## Overview

The TaxPaidOtherStates.xsd schema has been created through collaboration between states and industry to help streamline the processing of a subset of state income tax returns. This subset is where a credit is being claimed on a state’s return for taxes that have been paid to another state. By leveraging an XML format to transmit the information, not only does it make the return easier to process via automation by the state, but also reduces the burden on industry to provide a robust PDF attach solution.

This document is designed to provide further details on the intent and usage of this new schema. By continued collaboration and consistent implementation, the hope is that this schema can be used as a long term replacement for PDF attachment of other state’s returns.

## Intent

The TaxPaidOtherStates schema is intended to provide a *limited* set of data from a secondary state tax return. This data has been defined as a minimum set of information used across the majority of states to verify the validity of a credit claimed on that state’s return. In addition, usage of this schema is intended to replace the requirement to attach as PDF, a copy of the secondary state tax return.

## Usage

In order to provide an effective long term solution, for TY2017 the schema will initially be implemented as a pilot with a limited number of states. This will allow the software developer community to concentrate on a few states as they build the basic structures to use the schema. It will also facilitate gathering lessons learned in a controlled environment.

For the pilot year the number of participating states will be kept small. However, it is hoped that most, if not all, software providers that support credit for tax paid to other states will integrate the Tax Paid Other States schema into their software for the pilot states so that a broader base of experience can be acquired and so in subsequent tax years the basic programming is already in place for other states to implement the schema.

## Specific Requirements

These specific requirements have been developed to help enable effective usage of this schema:

* Industry should transfer data directly from other state return to this schema. Manual entry of the other state information is not preferred by the states.
* States should provide a mapping from their tax return elements to the equivalent element in the TaxPaidOtherStates schema. See “Example Data Mapping” below.
* As the schema is optional, no business rules should be implemented requiring the schema.

## Data Assumptions

* The data reported on the TaxPaidOtherStates schema should be populated by the software versus user entry.  In general, that data should be consistent with the filing status of the taxpayer(s) on the return where credit is claimed, i.e., joint data for both the resident and non-resident states if the claim for credit is on a return filed joint.  In cases where the filing status of the resident and non-resident returns vary, the data provided on the TaxPaidOtherStates schema should follow commonly accepted state practices for allowable credit.

* The form name populated in the Tax Paid Other States schema should be that of the primary form from which the data was transferred, though some data may come from a separate state form.

## Example Data Mapping

Each state should prepare a crosswalk document for use by software developers to use in mapping their state non-resident return, although some data elements may come from a separate state form. This provides a common data definition at the state level and removes the duplication of effort to perform analysis on the part of the software providers. An example prepared by Wisconsin is available which shows the TaxPaidOtherStates schema elements and corresponding Wisconsin schema elements, along with form and line number descriptions.

The form and line information should be shared with the participating states for their reference. This will allow the states a level of assurance that the data received is useful for evaluating credit claims and determining whether additional information should be requested from the taxpayer under certain conditions as they may define.