# West Virginia Letter of Intent (MeF/Forms) Tax Year 2017

Deadline for Letter of Intent is October 31, 2017. Submit completed LOI to TaxLOI@wv.gov.

October 10, 2017

# 2017 Tax Software Provider Registration Form

Complete this form to request approval from the **West Virginia State Tax Department** to provide tax preparation software for electronic and substitute forms submission. By completing this form, you agree to comply with all national security summit standards and requirements in addition to the specific state requirements identified in this registration form.   If your submitted form is not complete we will deny your request.

**Note:**  Please complete a registration form for each unique product your company offers.

| Name of Company | Primary Product Name | State Software ID |
|---|---|---|
| DBA Name | NACTP Member Number | State Account Number (if applicable) |
| Address | Website Address/URL | Company FEIN |
| City | State | Zip Code |

| | 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 Leads Reporting Contact ** | Phone | Email Address |
| Secondary  Leads Reporting Contact ** | Phone | Email Address |
| Primary Leads Feedback Contact ** | Phone | Email Address |
| Secondary Leads Feedback Contact ** | Phone | Email Address |

| Test EFIN(s) | Test ETIN(s) |
|---|---|
| Production EFIN(s) | Production ETIN(s) |

## Rebranded Software Products

Software Companies: Use this section only if this product is rebranded with the approval of the Software Publisher, who is the original creator of the software and signer of the LOI. It is the position of the STAR Working Group under the auspices of the IRS Security Summit that:

- *Rebranding where the software publisher makes all code changes to generate the rebranded software and ensures that the rebranded software meets the applicable requirements (Trusted Customer, Generation of Authentication Elements, Generate of LEADS reports, STAR Requirements, etc) does not pose any additional risk to the tax ecosystem.*
- *Rebranding where the organization who rebrands the software has the capability to make cosmetic changes including but not limited to color or font, but cannot make changes to the applicable requirements (listed above) also does not pose additional risk to the ecosystem.*

| Rebranded Product Name | Contact Person | Phone | Email Address | Unique Identifier ** |
|---|---|---|---|---|
| Rebranded Product Name | Contact Person | Phone | Email Address | Unique Identifier ** |
| Rebranded Product Name | Contact Person | Phone | Email Address | Unique Identifier ** |
| Rebranded Product Name | Contact Person | Phone | Email Address | Unique Identifier ** |
| Rebranded Product Name | Contact Person | Phone | Email Address | Unique Identifier ** |

*If there are more than 5 software products that have rebranded under a different name, please list them on a separate sheet and attach with your LOI submission.
** If available.

For Rebranded Products, the West Virginia State Tax Department will evaluate on a case-by-case basis as to the extent of testing required with the e-File ATS / paper form approval process for these products.

## LOI For E-File and Substitute Forms Registration

| Use this section only if the LOI will be used for both forms and e-file registration | | |
|---|---|---|
| State Substitute Form NACTP Number | | |
| Primary Individual Forms Contact | Phone | Email Address |
| Secondary Individual Forms Contact | Phone | Email Address |
| Primary Business Forms Contact | Phone | Email Address |
| Secondary Business Forms Contact | Phone | Email Address |
| *If you have separate contacts for Business Tax Types, please list them separately on a separate sheet and attach with your LOI submission. | | |

## Type of Software Product

❑ DIY/Consumer (Web-Based)            ❑ DIY/Consumer (Desktop)
❑ Professional/Paid Preparer (Web-Based)      ❑ Professional/Paid Preparer (Desktop)

## Tax Types Supported (Check all that apply)

Forms   E-File
❑   ❑    Individual Income Tax
❑   ❑    Estate/Trust/Fiduciary Tax
❑   ❑    Corporate Net Income Tax
❑   ❑    Pass-Through Partnership/S-Corp

## Forms and Schedules Supported

*Mark all forms and schedules that your company intends to support. **Only forms with barcodes are required for substitute tax form testing**. If a checkbox is not shown beside a form or a schedule, then it is either not required to be submitted for substitute forms approval or it is not available for e-file.*

| Personal Income Tax | | Estate/Trust/Fiduciary Tax | | Corporate Net Income Tax | | Pass-Through Partnership/S-Corp | |
|---|---|---|---|---|---|---|---|
| Forms E-File | | Forms E-File | | Forms E-File | | Form E-File | |
| ❑ ❑ Form IT-140 | | ❑ ❑ Form IT-141 | | ❑ ❑ Form CNF-120 | | ❑ ❑ Form SPF-100 | |
| ❑ ❑ Schedule M | | ❑ ❑ Schedule A | | ❑ ❑ Schedule B | | ❑ ❑ Schedule A | |
| ❑ ❑ Tax Credit Recap Schedule | | ❑ ❑ Schedule B | | ❑ ❑ Schedule B-1 | | ❑ ❑ Schedule A-1 | |
| ❑ ❑ Schedule UT | | ❑ ❑ Schedule NR | | ❑ ❑ Schedule C | | ❑ ❑ Schedule A-2 | |
| ❑ ❑ Schedule A | | ❑ ❑ Tax Credit Recap Schedule | | ❑ ❑ Schedule NOL | | ❑ ❑ Schedule A-3 | |
| ❑ Schedule H | | ❑ IT-141V | | ❑ ❑ CNF-120 APT Schedule A1, A2, B | | ❑ ❑ Form SPF-100TC | |
| ❑ Schedule E | | ❑ IT-141W | | ❑ ❑ CNF-120U | | ❑ ❑ Schedule SPF-100APT | |
| ❑ Schedule DP | | ❑ IT-141EXT | | ❑ Schedule UB-1 | | ❑ SPF-100EXT | |
| ❑ ❑ Schedule FTC-1 | | ❑ Withholding Documents (K-1, NRW-2) | | ❑ ❑ Schedule UB-3 | | ❑ SPF-100W | |
| ❑ ❑ IT-210 | | | | ❑ Schedule UB-4CR | | ❑ Withholding Documents (1099, K-1, NRW-2) | |
| ❑ ❑ HEPTC-1 | | | | ❑ ❑ Schedule UB-4APTsum | | ❑ Tax Return Questionnaire (Submitted as Attachment) | |
| ❑ ❑ SCTC-1 | | | | ❑ ❑ Form CNF-120TC | | ❑ WV-100V | |
| ❑ IT-140V | | | | ❑ CNF-120W | | ❑ Schedule SP | |
| ❑ IT-140W | | | | ❑ CNF-120EXT | | ❑ IT-140NRC | |
| ❑ Schedule L | | | | ❑ Tax Return Questionnaire (Submitted as Attachment) | | | |
| ❑ ❑ Schedule F | | | | ❑ Withholding Documents (1099, K-1, NRW-2) | | | |
| ❑ Amend Reason | | | | ❑ WV-120V | | | |
| ❑ Withholding Documents (W-2, 1099, K-1, NRW-2) | | | | ❑ Schedule UB-5 (Submitted as attachment) | | | |

If your company intends to support additional forms for **substitute forms development**, please list them in the space provided.

# National Security Summit Standards and Requirements

National standards have been developed to protect taxpayers from identity theft tax refund fraud.  You are agreeing to adhere to all IRS, State, and Industry Security Summit guidelines as a condition of providing tax software product(s) to taxpayers and tax professionals for individual and business income tax MeF.

Standards in this section apply to all Do It Yourself (DIY) Consumer and Professional, Paid Preparer Products, tax professional, and volunteer (VITA) products.

Note:  Items highlighted in blue indicate a national security summit standard or requirement document. A comprehensive list of those documents is also provided at the end of this document.

## Authentication Data Elements

The state e-standards Authentication Header Schema has been established to identify and authenticate a taxpayer and prevent identity theft tax refund fraud.  Tax Software Providers are required to transmit all data elements included in the *state authentication data elements* when available.  If you are not providing all data elements you must explain what you are not providing and why you are unable to provide them in the space provided below.

## Authentication Trusted Customer Requirements

Nationally identified minimum *Industry Trusted Customer Requirements* have been established to authenticate the customer logging in and prevent identity theft tax refund fraud.  Tax Software Providers are required to adhere to the minimum standards.  You must verify that you are adhering to minimum standards in the space provided below.

For Online Do-It-Yourself software:

1. How do you use out-of-band verification practices for your customer account verification process?  Please describe what you do and how it is used. Attach a separate sheet if necessary.

2. Do you meet nationally recognized standards for implementing customer account authentication by using:

   a. The standards identified in the Minimum Requirements for Identity Authentication section of the 2018 DIY Trusted Customer Requirements?  Please explain how you meet those standards.  Attach a separate sheet if necessary.

   b. An equivalent standard for identity authentication that meets or exceeds the minimum requirements?  If yes, please describe your proposed process.  Attach a separate sheet if necessary.

3. For the Online Do-It-Yourself software, when there is more than one account using a Primary and/or Secondary SSN this or the previous year:

   a. Do you notify both account holders that the SSN is used within another account for the current and previous year? (This also requires including the appropriate authentication review code within the return schema when the SSN is used in another account for the current and previous year.) Or

   b. Do you notify both account holders that the SSN is used within another account only for the current year? (This also requires including the appropriate authentication review code within the return schema when the SSN is used in another account for the current and previous year.)

For Tax Professional software:

1. Describe the process in which the new and returning tax professionals gain access to use your product. Attach a separate sheet if necessary.

2. Do you meet nationally recognized standards for implementing customer account authentication by using:

   a. The standards identified in the Minimum Requirements for Identity Authentication section of the 2018 Tax Pro Trusted Customer Requirements? Please explain how you meet those standards. Attach a separate sheet if necessary.

   b. An equivalent standard for identity authentication that meets or exceeds the minimum requirements? If yes, please describe your proposed process. Attach a separate sheet if necessary.

3. Do you use out-of-band verification?

   a. If yes, how do you use out-of-band verification practices for your customer account verification process?  Please describe what you do and how it is used. Attach a separate sheet if necessary.

## Information Sharing

Nationally identified *Information Sharing* standards for analyzing and reporting questionable activity associated with identity theft tax refund fraud have been established. You are required to provide regular leads reporting according to the information sharing requirements.

## Rapid Response Process

Nationally identified *Rapid Response* procedures have been established.  When industry, states, or the IRS discover an incident or threat of significance in the tax ecosystem, the rapid response process must be activated.

Tax software providers should:

- Conduct initial analysis and immediately take steps to block or contain any threat.
- Share detailed information with the impacted states as soon as it becomes available and permitted by applicable laws, regulations, and relevant information sharing agreements.
- Initiate the rapid response team per the Rapid Response document.

**Note:**  If the tax software provider fails to timely notify the affected state of a significant, escalating issue, their ability to submit returns to the state may be removed.

## Safeguarding e-file/Information

Nationally recognized rules and standards to safeguard e-file from fraud and abuse have been established.

All Individual (1040 family) return providers must adhere to the Safeguarding E-File Standards as outlined in IRS Publication 1345.

All business return providers must adhere to the "MeF Rules Protecting Taxpayer Information" and "Safeguarding MeF Data from Fraud and Abuse" sections of IRS Publication 4163. This includes sections 2.3, 2.4, and 2.5 of the publication.

**Note:**  If the tax software provider fails to adhere to these rules and standards as published by the IRS for the respective return types submitted to the West Virginia State Tax Department, their ability to submit such returns to the West Virginia State Tax Department may be removed.  This includes reporting security-related incidents to West Virginia State Tax Department.

## Strategic Threat Assessment & Response (STAR)

Nationally identified *Security Control* standards have been established. Tax software providers must adhere to these security controls.  Please provide an answer to the question listed below.  Attach a separate sheet if necessary.

1. Have you implemented the current requirements defined in the Security Control standard?  At what level will your company implement the STAR security controls for the filing season? If no, please provide an explanation of your current progress and remediation plans.  Please provide documentation to validate your statement.

2. Have you implemented controls beyond the first and second year's requirements?  If yes, please explain what you've implemented.

# **National Disclosure and Use of Information Standards**

Nationally established language has been developed for the disclosure and use of information related to filing a tax return.  This section provides the language to which tax service providers must adhere.

## Tax Service Provider Definitions

In this section, "tax service provider" is defined three different ways:

- An **Electronic Return Originator (ERO**) is authorized IRS e-file Provider that originates the electronic submission of returns to the IRS.

- A **Software Developer** is an authorized IRS or state e-file Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to Publication 4164 or state specifications and/or (b) transmitting the electronic portion of returns directly to the IRS or the state. A Software Developer may also sell its software.

- **Transmitter** is an authorized IRS or state e-file Provider that transmits the electronic portion of a return directly to the IRS or the state. An entity that provides a "bump up" service is also a Transmitter. A bump up service provider increases the transmission rate or line speed of formatted or reformatted information that it is sending to the IRS or the state via a public switched telephone network.

**Note:**  A tax service provider may serve its customers in more than one of these roles.

## Disclosure and Use of Information Language:

A tax service provider may use any tax return information provided by a taxpayer, for the current or prior tax years, for the purpose of identifying a suspicious or potentially fraudulent return that claims to be

from, or related to, that taxpayer. For these purposes, "tax return information" means any and all documents or materials that the tax service provider uses in the course of the return preparation and submission process that are provided by the taxpayer or that are required by the taxing authority that the tax service provider uses in the course of the return preparation and submission.

Tax service providers must produce analytic compilations of federal and state tax return and submission information that directly relate to the internal management or support of the tax service provider's business, which must include aggregated data compilations to identify potentially fraudulent behaviors or patterns.

Tax service providers must disclose the compilations of tax information to West Virginia through IRS secure data transmission on at least a weekly basis and identify by use of federal and state submission IDs any return the preparer believes is potentially fraudulent.

In addition, if a tax service provider has a bona fide belief that a particular individual's activity violated a state or federal law, the tax services provider must disclose that individual's tax return information to the West Virginia State Tax Department.

The following consent language <u>must be added to electronic filing software</u> to notify the user of the use of this information.

**For Do-It-Yourself software:**

*By using a computer system and software to prepare and transmit return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the West Virginia State Tax Department, as applicable by law, and to the transmission of my tax return(s).*

**For Tax Professional software:**

*By using a computer system and software to prepare and transmit <u>my client's return</u> electronically, I consent to the disclosure of all information pertaining to my use of the system and software to create my client's return and to the electronic transmission of my client's tax return to the West Virginia State Tax Department, as applicable by law.*

**For Business software:**

By using a computer system and software to prepare and transmit this business return electronically, I consent to the disclosure of all information pertaining to the user of the system and software to create this business return and to the electronic transmission of this business tax return to the West Virginia State Tax Department.

# <u>State Specifications and Communication</u>

## State Documents and Materials

West Virginia State Tax Department e-file and paper form documentation will be posted/provided on the FTA State Exchange System (SES). Only forms that have changes will be posted on the FTA SES. Forms with no changes that software developers may desire to recreate may be found on the West Virginia State Tax Department website (www.tax.wv.gov).

After March 1, 2018, taxpayers may check refund status by going to https://mytaxes.wvtax.gov/?link=refund.

# State Questions, Requirements, Standards and Recommendations

This section represents the state-specific requirements and standards for tax software providers. This Letter of Intent must be submitted by **October 31, 2017**. The cutoff date for first-time ATS testing submissions is **March 15, 2018**.

By signing this agreement, the E-Services Provider agrees to:

- Meet IRS requirements and obtain IRS approval as a tax service provider. See IRS Publication 4164, Modernized e-File Guide for Software Developers and Transmitters."

- Comply with IRS Standards and requirements, the West Virginia MeF Handbook, West Virginia Requirements for the Approval of Substitute Tax Forms, industry standards, and any Memorandum of Understanding (MoU) executed by the IRS, industry and states.

- Successfully complete all testing of service provider's software in accordance with Department requirements.

- Provide accurate West Virginia tax returns in the proper electronic format.

- Secure and protect taxpayer information, returns, and data throughout the entire filing process.
    - Data protection includes but is not limited to utilizing encryption while in transit and at rest, virus detection and prevention, password protection using complex, strong passwords, limiting access to necessary individuals, destroying unnecessary data, and ensuring no data is held beyond retention dates.

- Provide accurate, current, factual, and complete information.

- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information.

- Immediately correct any software errors and release corrected software in a timely manner. Vendor agrees to notify all West Virginia customers and the Department upon discovering any software errors or making corrections.

- Work with the Department to address any processing issues that arise during filing season.

- Provide the following notification to taxpayers before they choose to submit a return.
    - "Under penalties of law, I declare by submitting this return that I have personally examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete."
    - "In addition, by using a computer system and software to prepare and transmit my return electronically, I consent to the disclosure to the Department of all information pertaining to my use of the system and software and to the transmission of my tax return electronically."

Additionally, Providers:

- **Shall** produce analytic compilation of federal and state return and submission information that directly relate to the internal management or support of the tax services provider's business, which shall include aggregated data compilations to identify potentially fraudulent behaviors or patterns. The analytic compilation shall employ any tax return information provided by the taxpayer.

- **Shall** disclose the compilations of tax information to the Department through IRS secure data transmission on at least weekly basis and identify by use of federal and state submission IDs any return the preparer suspects is potentially fraudulent. Tax service providers shall make available any information that would assist the Department in the investigation of returns reported as potentially fraudulent.

- **Shall** disclose all pertinent information to the Department if a tax services provider has a bona fide belief that a particular individual's activity violated criminal law.

- **Shall** provide data elements required by the State of West Virginia for each submission, including but not limited to:
    - Federal Original Submission ID
    - Federal Original Submission ID Date
    - State Current Submission ID
    - State Original Submission ID
    - State Original Submission ID Date
    - License Type
    - Taxpayer E-mail Address
    - Taxpayer Bank Account Routing number (Ultimate)
    - Taxpayer Bank Account Bank Account number (Ultimate)
    - Device ID's
    - Device ID's submission
    - IP Address – at creation
    - Driver's license or state issued ID number (Primary)
    - Driver's license or state issued ID state (Primary)
    - Driver's license or state issued ID expiration date (Primary)
    - Driver's license or state issued ID issue date (Primary)
    - Driver's license or state issued ID number (Secondary)
    - Driver's license or state issued ID state (Secondary)
    - Driver's license or state issued ID expiration date (Secondary)
    - Driver's license or state issued ID issued date (Secondary)
    - State Issued PIN
    - Cell Phone
    - Time for return Prep/submission
    - Downloaded W-2
    - Taxpayer Attempted to download W-2
    - How many unsuccessful attempts.

## Standards and Requirements for Transferring Data Year over Year

Transferring data year-over-year that is not initially entered accurately causes issues with processing tax returns. The following items should not be transferred year over year:
- State driver's license data elements.

- State withholding account numbers.
- Bank Routing Number
- Bank Account Number

## State Specific Questions

1. Do you support unlinked state returns?
   a. Yes
   b. No

2. What refund products or payment vehicles do you offer your customers?  If you partner with an entity to provide refunds (e.g. Amazon.com or other pre-paid cards), please provide the names and bank routing numbers (RTNs) of each company. Attach a separate sheet if necessary.

3. Do you require your users/customers to download and apply product updates to continue to electronically file and/or print tax returns with your software? Please explain the timeline and process for this once an update is available for your product.

## Data Breach Reporting

All software providers executing this agreement are subject to the data breach security laws including but not limited to WV Code §46A-2A-102 and/or policy and regulations of the West Virginia State Tax Department and West Virginia Office of Technology, including but not limited to provisions regarding who must comply with the law, definitions or "personally identifiable information", what constitutes a breach, requirements for notice, and any exemptions.

## State Driver's License/ID Card Expectations

For e-file returns, West Virginia requests Driver's License/Identification Card information with the tax return. There is no such request for substitute paper forms.

# Signature

☐ I acknowledge that all e-file ATS tests submitted during the approval process are created in and originate from the actual software.

☐ I acknowledge that all electronic returns received by the West Virginia State Tax Department generated from this software will be electronically filed from the initially approved product version, or a subsequent product update.

☐ I acknowledge that all paper returns received by West Virginia State Tax Department generated from this software will be printed from the initially approved product version, or a subsequent product update.

☐ I acknowledge that the West Virginia State Tax Department will be notified of any incorrect and/or missing calculation or e-file data element for any paper or electronically returns submitted to the West Virginia State Tax Department.

As the representative of the above named organization, I agree, on behalf of the organization, to comply with all requirements listed above.  Furthermore, by signing this agreement, my organization is agreeing to all of the requirements listed above. The West Virginia State Tax Department reserves the right to revoke approval acceptance of any company and thereby refuse to accept any additional returns from such software company that does not adhere to above stated requirements.

As an approved West Virginia State Tax Department provider, I agree to provide true, accurate, current, and complete information about my company. I understand that if I provide any information that is untrue, inaccurate, obsolete, or incomplete, the West Virginia State Tax Department has the right to deny, suspend, or terminate my account.

| (AUTHORIZED REPRESENTATIVE) PRINTED NAME | EMAIL ADDRESS | PHONE NUMBER |
|---|---|---|
| (AUTHORIZED REPRESENTATIVE) SIGNATURE | DATE | PHONE NUMBER |