



Handbook for Electronic Filers

of Pennsylvania

Individual Income Tax Returns

for Tax Year **2003**



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Pennsylvania Department of Revenue
Publication PA-1345 (10-03)

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PENNSYLVANIA'S ELECTRONIC FILING CALENDAR

For Tax Year January 1, 2003 to December 31, 2003

Begin IRS/Pennsylvania Software Testing	November 5, 2003
End IRS/Pennsylvania Software Testing	January 16, 2004
Begin Transmitting Returns to IRS/PA Department of Revenue	January 16, 2004
Last Date to Transmit Pennsylvania Returns Electronically	October 15, 2004

INTRODUCTION

The Pennsylvania Department of Revenue will again join the Internal Revenue Service (IRS) to provide electronic filing of state Personal Income Tax returns. The Federal/State **e-file** program will provide tax preparers and taxpayers one-stop federal and state electronic tax filing.

To participate in the joint program, the PA Department of Revenue requires all participants to be accepted into the federal **e-file** program.

This document provides Electronic Return Originators (EROs) and transmitters with the information needed to successfully implement the Federal/State **e-file** program.

The **Pennsylvania Publication PA-1345, Handbook for Electronic Filers of Pennsylvania Individual Income Tax Returns for Tax Year 2003**, should be used in conjunction with the **IRS Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns**. The PA Department of Revenue conforms to all procedures governing electronic filing participants set forth in the IRS Revenue Procedure 2000-31 Requirements of Participants in the IRS **e-file** Program for Individual Income Tax Returns.

The **Pennsylvania Handbook** will identify items that are unique to the electronic filing of PA income tax returns.

For the latest details on electronic filing, including a list of software developers, visit the PA Department of Revenue's Web site at:

www.revenue.state.pa.us

PUBLICATIONS

The following publications describe the process of electronic filing and joint electronic filing:

INTERNAL REVENUE SERVICE PUBLICATIONS

Publication 1345 - Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns (Tax Year 2003)

Publication 1345A - Filing Season Supplement for Authorized IRS *e-file* Providers of Individual Income Tax Returns

Publication 1346 - Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns (Tax Year 2003)

Publication 1436 - Test Package for Electronic Filing of Individual Income Tax Returns (Tax Year 2003)

Publication 1545 - Guidelines for Using the Electronic Tax Filing Logo

PENNSYLVANIA DEPARTMENT OF REVENUE PUBLICATIONS

Publication PA-1345 - Pennsylvania Handbook for Electronic Filers of Pennsylvania Individual Income Tax Returns (Tax Year 2003)

Publication PA-1346 - Pennsylvania Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns (Tax Year 2003)

Publication PA-1436 - Pennsylvania Test Package for Federal/State *e-file* (Tax Year 2003)

CHAPTER 1 • CHANGES FOR TAX YEAR 2003

New Schedules Added for 2003

- **PA Schedule OC** – This schedule is used to claim a PA Employment Incentive Payments Credit, a PA Jobs Creation Tax Credit, and/or a Research and Development Tax Credit. Taxpayers who claim these credits must submit the certificate or notification that approved each credit to the Department.
- **PA Schedule NRK-1** – This schedule is used to report each Pennsylvania non-resident member's share of income, losses and credits from a PA S Corporation or Partnership.

Additions and Changes for 2003

- Accepting returns with a **Deceased** filing status.
- Allowing up to **10** PA Schedules A per return.
- Allowing up to **10** PA Schedules B per return.

PA Acknowledgment Codes for Tax Year 2003

Beginning with tax year 2003, the PA Department of Revenue has changed its acknowledgment codes.

The Department will generate a **“C”** code (Conditional Acceptance) upon **initial receipt** of a PA electronic return. This acknowledgment indicates that the return was received and uploaded to our master file processing system.

If the Department is unable to upload a return to our master file processing system, the Department will generate an **“R”** code indicating the return has been rejected. If a return has been rejected, the error must be corrected and the return retransmitted to the Department of Revenue.

Once the return has been entered into master file processing and if no other additional information is needed to process the electronic return, the Department will generate an **“A”** code to indicate the return has been processed. The Department will generate an **“N”** code when additional information is needed to process the electronic return. If an **“N”** code has been generated and the Department received the information needed to process the return, the Department will generate an **“A”** code to the ERO to indicate that the requested information was received and that the return has been processed. **The Department will no longer generate “F” codes.**

PA Accepts Credit Cards to Pay Personal Income Taxes

In cooperation with Official Payments Corp., the PA Department of Revenue makes it possible for Pennsylvania taxpayers to charge the balance due on their 2003 Personal Income Tax on a credit card over the phone or via the Internet. Pennsylvania taxpayers can also make estimated, delinquent and extension payments via credit card. The payment process is simple and secure. There is a 2.5% convenience fee, charged by the service provider. The taxpayer will be notified of this fee before their payment is made. Payments under \$40 will be charged a flat fee of \$1.00. The PA Department of Revenue receives no portion of this fee. To access Official Payments, call 1-800-272-9829, or visit **www.officialpayments.com**. American Express, MasterCard, Discover/NOVUS and Visa are accepted.

Out-of-State Credit & Foreign Tax Credit Returns for 2003

The PA Department of Revenue's ***e-file*** program accepts returns claiming credit for taxes paid to other states or countries (Line 23, PA-40). In order for a taxpayer to receive credit for taxes paid to another state or country, a PA Schedule G and/or a PA Schedule RK-1 must be completed and submitted with the taxpayer's electronic return. In addition, a **signed** copy of the taxpayer's out-of-state return and/or a copy of the taxpayer's **Federal Form 1116** (Foreign Tax Credit) must be sent to the Department within 15 days from the date the Pennsylvania electronic return was accepted. This information may be faxed to **(717) 772-4193 or (717) 787-2840**, or mailed to the following address:

PA Department of Revenue
Bureau of Individual Taxes
Electronic Filing Section
Dept. 280507
Harrisburg, PA 17128-0507

Note: Taxpayers will not receive credit for taxes paid to another state or country until the PA Department of Revenue receives a signed copy of the other state or country's return.

2002 Tax Year Results

The PA Department of Revenue received more than **1.3 million** electronic returns in tax year 2002. Of the 1.3 million returns filed, more than 252,000 returns were filed from a taxpayer's home computer. Once again, the number of EROs filing returns increased for tax year 2002. While 3,190 EROs were registered to ***e-file*** for tax year 2001, an additional 979 EROs registered to file returns for tax year 2002.

Whether you participated in last year's Federal/State ***e-file*** program or this is the first time you will take advantage of this method of filing, the PA Department of Revenue wants to thank you for your interest in the PA ***e-file*** program. We are striving to make tax filing as easy as possible.

How Federal/State e-file Works

Electronic Return Originators (EROs) and transmitters accepted in the IRS's **e-file** program are able to participate in the PA **e-file** program. Once registered, they are able to file both the federal and the state return in one transmission to the IRS's Andover Service Center. The IRS acknowledges to the transmitter the acceptance of the federal return and receipt of state data. The state data is then retrieved by the PA Department of Revenue and processed on the PA Personal Income Tax system.

The PA Department of Revenue acknowledges to the transmitter the acceptance or rejection of the PA data through the Centralized State Acknowledgment System (StAck).

The Department uses an Electronic Messaging System to communicate problems to EROs. Electronic notifications are transmitted through the same acknowledgment service that acknowledges receipt of the PA return. The electronic notifications inform the EROs that more information is needed to process an electronic return. The Electronic Messaging system was designed to enable direct contact between the Department and ERO without inconveniencing the taxpayer.

The taxpayer can expect to receive a PA refund check (if applicable) within 3-4 weeks from the PA acceptance date.

Who Can Participate

The Federal/State **e-file** program for PA returns is available to all interested parties who have been accepted as "Authorized IRS **e-file** Providers" in the Federal **e-file** program and transmit returns to the Internal Revenue Service's Andover Service Center. This includes Electronic Return Originators (EROs), transmitters, and software developers, who are defined as follows:

Electronic Return Originator (ERO) - A firm, organization, or individual who deals directly with the taxpayer and prepares tax returns to electronically file the returns, or collects prepared tax returns to electronically file the returns.

Transmitter - A firm, organization, or individual who transmits electronic returns directly to the IRS Center.

Software Developer - A firm, organization, or individual that develops software for the purpose of (a) formatting electronic tax return information according to PA return layouts and specifications and/or (b) transmitting electronic returns directly to the IRS.

CHAPTER 3 • APPLICATION PROCESS

New Applicants

To participate in the Federal/State **e-file** program, participants must first be accepted by the IRS. To be accepted into the electronic filing program, potential filers must complete the Internal Revenue Service's application (Form 8633, Application to Participate in the IRS **e-file** Program). Applicant processing begins August 1, 2003, at the Andover Service Center and continues through May 31, 2004. Please apply by December 1, 2003 to ensure your application is reviewed prior to the beginning of the filing season.

The IRS encourages new applicants to address any questions to their nearest IRS office. Questions for the Philadelphia area and eastern part of the state can be directed to Lea Zacharka at (215) 861-1664 or at www.Lea.Zacharka@irs.gov. Questions for the Pittsburgh area and western part of the state can be directed to Diana Smith at (412) 395-6569 or at www.Diana.M.Smith@irs.gov. For questions concerning the submission or processing of Forms 8633, the Andover Service Center's toll-free number is 1-800-691-1894.

2003 PA Registration

Electronic Return Originators (EROs) and Transmitters planning to file PA electronic returns for the **first time** in tax year 2003 must provide the PA Department of Revenue with a copy of their IRS acceptance letter in order to register with Pennsylvania. EROs who have previously registered and have received a letter of confirmation of registration from the Department will **not** need to register again to file PA Electronic returns for the 2003 tax season. However, if you have been issued a new Electronic Filer Identification Number (EFIN), you will need to register the new number with the PA Department of Revenue. Acceptance letters may be faxed to (717) 772-4193, or mailed to the following address:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280507
Harrisburg, PA 17128-0507

In the event the ERO/transmitter cannot locate a copy of the acceptance letter, contact the Help Desk at (717) 787-4017 for assistance.

CHAPTER 4 • PENNSYLVANIA'S ACCEPTANCE PROCESS

The PA Department of Revenue will recognize the federal acceptance process for the 2003 tax period.

The Electronic Filer Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) assigned by the IRS will be the same numbers that the PA Department of Revenue uses in the Federal/State **e-file** program.

All participants are required to pass the IRS's Participants Acceptance Testing System procedures for acceptance into the Federal/State **e-file** program.

The software used to transmit data must be approved by the IRS and the PA Department of Revenue as part of the acceptance process.

When a developer's test returns have been accepted at the IRS's Andover Service Center, the state data will be retrieved by the PA Department of Revenue for testing. All known software developers will be provided with test material and instructions to perform the PA testing.

Software developers must transmit test data to the Department to ensure the software meets its specifications.

Only software developers are required to test with the PA Department of Revenue for approval of the software.

Test materials and instructions may be obtained from the following address:

Bureau of Individual Taxes
Electronic Filing Section
Dept. 280507
Harrisburg, PA 17128-0507
Fax: (717) 772-4193
E-mail: **mswisher@state.pa.us**
Telephone: (717) 787-4017

Federal/State **e-file** software testing begins November 5, 2003, and ends January 16, 2004. To assist EROs in finding PA electronic filing software, the Department lists the companies approved on its Web site at **www.revenue.state.pa.us**.

CHAPTER 5 • FILING AN ELECTRONIC RETURN

The filing of an electronic return will consist of the electronic transmission of data and supporting paper documents. The paper documents contain information which cannot be transmitted electronically, such as the taxpayer's signature. These documents are retained by the ERO.

The Pennsylvania Electronic Return

The following Pennsylvania forms can be transmitted electronically (**refund, equal, and balance due, with or without payment**). **Payment must be made by electronic funds withdrawal, check, money order or credit card:**

- Form PA-40 - Pennsylvania Individual Income Tax Return (Includes Nonresident and Part-Year Resident returns)
- PA Schedule A - Interest (10 schedules or less)
- PA Schedule B - Dividends (10 schedules or less)
- PA Schedule C - Profit or Loss From Business or Profession (5 schedules or less)
- PA Schedule C-EZ - Profit from a Business or Profession (1 per taxpayer)
- PA Schedule D - Sale, Exchange, or Disposition of Property (30 schedules or less)
- PA Schedule D-1 - Computation of Installment Sale Income (6 schedules or less)
- PA Schedule D-71 - Sale or Exchange of Property Prior to June 1, 1971 (2 schedules or less)
- PA Schedule E - Rent, Royalty, Patent, and Copyright Income or Loss (10 schedules or less)
- PA Schedule F - Farm Income and Expenses (2 schedules or less)
- PA Schedule G - Out-of-State Credit (2 schedules or less)
- PA Schedule J - Estate & Trust Income (2 schedules or less)
- PA Schedule MC - Miscellaneous Compensation (1 schedule)
- PA Schedule SP - TAX BACK/Tax Forgiveness Credit (1 schedule)
- PA Schedule RK-1- Resident Schedule of PA S Shareholder/Partner Pass-Through Income, Loss, and Credits (12 schedules or less)
- PA Schedule NRK-1- Non-Resident Schedule of PA S Shareholder/Partner Pass-Through Income, Loss, and Credits (12 schedules or less)
- PA Schedule UE - Allowable Employee Business Expenses (4 schedules or less)
- PA Schedule C-F (4 schedules or less)
- PA Schedule OC (1 schedule)
- W-2 Forms (50 or less)
- 1099-R Forms (20 or less)
- W-2G Forms (20 or less)
- Statement Schedule (4 or less)

Completed Documents to be Retained by ERO/Statement Schedule

The following paper documents must be completed (and attached to the **PA-8453** or **PA-8879**) if a PA return is filed electronically:

- * Form PA-8453 - Pennsylvania Individual Income Tax Declaration for Electronic Filing.
- * Form PA-8879 - Pennsylvania **e-file** signature authorization.
- * State copies of Form(s) W-2 or W-2G which would normally be attached to a paper return. Form(s) W-2 or W-2G must be attached to the front of Form PA-8453 or Form PA-8879.
- * Form 1099-R which would normally be attached to a paper return. **Forms 1099-R must be attached to the front of Form PA-8453 or Form PA-8879.**

The PA Department of Revenue allows a “statement” to be filed with the electronic return. The Statement Schedule gives the ERO the ability to communicate additional information to explain their client’s reporting of income. **Every time any of the following forms are verified for authenticity and attached to the PA-8453 or the PA-8879, a Statement Schedule must accompany the electronic return.** The Statement Schedule must explain what particular paper document is being retained by the ERO and how it affects the reporting of income on the PA-40.

Examples of when and how to use a **Statement Schedule** are:

1. When extension Form 4868 is attached to the PA-8453 or PA-8879 which is retained by the ERO:
Statement: Valid Form 4868 reviewed and attached to PA-8453/PA-8879.
2. When military orders verifying active duty outside PA are attached to the PA-8453 or PA-8879:
Statement: Valid military orders showing active duty outside PA reviewed and attached to the PA-8453/PA-8879.
3. When documentation from a department head explaining a scholarship, stipend, or grant is attached to PA-8453 or PA-8879:
Statement: Valid documentation from department head explaining scholarship reviewed and attached to PA-8453/PA-8879.
4. When documentation from the City of Philadelphia explaining Injury on Duty (I.O.D.) pay for city police and firemen is attached to PA-8453 or PA-8879:
Statement: Valid I.O.D. documentation from City of Philadelphia reviewed and attached to PA-8453/PA-8879.
5. When the number of dependents exceeds the available lines on Schedule SP, Part B, a statement would be entered listing the additional SP dependents’ information: Name, Age, Relationship, and Social Security Number.

Federal/State Electronic Filing Exclusions

The following documents are excluded from electronic filing:

- * Returns for any period other than January 1, 2003 to December 31, 2003
- * Non-calendar (fiscal) year returns
- * Prior year Amended Individual Income Tax Returns
- * Form PA-40NRC - Nonresident Consolidated Income Tax Returns
- * Form PA-41 - Fiduciary Income Tax Returns
- * Form PA-20S/65 - Partnership Information Returns
- * Form PA-NRH - Nonresident Apportionment
- * Form PA-40 KOZ - Pennsylvania Income Tax Keystone Opportunity Zone Return
- * Prior year resident returns or multiple year returns
- * Returns containing **federal schedules**
- * Returns containing more than the allowable amounts of schedules, W-2s, W-2G, or 1099-Rs
- * Returns containing forms or schedules not listed under the PA Electronic Return section

Common Errors to Avoid

- **Improper entry of taxpayers’ names and addresses on Pennsylvania electronic returns** delays the processing of returns and issuance of refunds. Please carefully review the following edit requirements to ensure that the returns you send to the Department are error free and processed without delays.

Name Edits	First position cannot be blank. No special characters are allowed except a hyphen (-). No more than one space is allowed between characters (word separation). No numbers allowed except in suffix.
Address Edits Line 1 and 2	First position cannot be blank. No periods (.) or commas (,) allowed. No more than one space is allowed between characters (word separation).
City Edits	No special characters are allowed except a hyphen (-) or ampersand (&). No numbers allowed. No periods (.) or commas (,) allowed.

- **Improper entry of Electronic Funds Withdrawal payment information** causes errors in the processing of payments for taxpayers who choose this option. If a taxpayer elects to pay their tax due with the Electronic Funds Withdrawal method, **it is important to verify the Routing Transit Number, the Depositor Account Number, and the payment date** for accuracy prior to submission of the electronic return.

Guidelines for Proper Entry of Military and Out-of-Country Addresses

Military addresses can have the following abbreviations in the City and State block: **APO** (army/air force post office), **FPO** (fleet post office), **AE** (ZIP codes 090-098 for armed forces in Europe and the Middle East), **AP** (ZIP codes 962-900 for armed forces in the Pacific) and **AA** (ZIP code 340 for armed forces in Central and South America). Listed below are examples of properly entered of military addresses:

PC1 X-1 DIV ADMIN USS NIMITZ CVN 68 FPO AP 96697-2820	FPO is entered in the city. AE is entered in the state. No periods (.) or commas (,) allowed.
PFC M SMITH CMR 401 BOX 775 APO AE 09096-6775	APO is entered in the city. AE is entered in the state. No periods (.) or commas (,) allowed.
SCOTT E SMITH SETAGAYA KU APT 107 3-23-28 MATSUBARA TOKYO JAPAN 156 0043 OC	Out-of-Country addresses need the “OC” designation in the state block. These are identified as not having a valid United States ZIP code.

CHAPTER 6 • TRANSMITTING THE PENNSYLVANIA ELECTRONIC RETURN

A PA electronic return can be transmitted jointly either with the federal return or separately through the Federal/State system. Direct transmitters must comply with all transmitting procedures, communication requirements, and technical specifications required by the Internal Revenue Service, as defined in Publication 1345.

Participants in the Federal/State **e-file** program should confirm with their software developer or direct transmitters that their software has been approved by the IRS and the PA Department of Revenue to process and transmit the state data jointly with the federal data to the Andover Service Center.

Rejected Returns

The IRS will ensure all data is present. Basic formatting edits will be performed. If the IRS identifies a condition on the state return data which will cause a rejection, the IRS will indicate this error with a code on the acknowledgment record and both the federal and state returns will be rejected. If a federal return is rejected, the accompanying PA return will also be rejected. **Note:** In some instances, the PA return will be able to be filed again without an IRS return attached.

Form 8453, U.S. Individual Income Tax Declaration for an IRS **e-file** Return, informs taxpayers that their returns may be rejected due to errors on their PA records and, consequently their federal return may be delayed. If the error can be corrected by the Electronic Return Originator (ERO), both the federal and PA records may be retransmitted to the IRS. If the PA or Federal returns cannot be corrected, the filer can, in some instances, retransmit the Federal or State data separately.

Rejection of the PA return by the PA Department of Revenue after its retrieval from the IRS will have no effect on the accepted federal return.

Acknowledgment of Pennsylvania Electronic Return

The PA acknowledgment system is designed to inform transmitters that the PA return data has been retrieved by the PA Department of Revenue. Upon retrieval of the PA return from the IRS, the PA Department of Revenue will generate acknowledgment records and post the records for retrieval by transmitters through an electronic bulletin board. The PA acknowledgment is separate from the federal acknowledgment and the codes are different from those used by the IRS. For **State-Only** returns, PA will acknowledge these returns with the same codes as used for the Federal/State **e-file** returns.

Acknowledgment of PA Electronic Return (Continued)

Pennsylvania, along with many other states, uses the Centralized State Acknowledgment System (StAck). Program participants that are required to directly access StAck to retrieve their state acknowledgments will be required to register. A nominal fee is charged by the service provider for using StAck.

If your software provider accesses this system on your behalf, you will not be required to register with StAck. You should refer to your software instructions or contact your software representative for information regarding your responsibilities for accessing and retrieving state acknowledgments.

For information on registration and fee schedules, please contact the StAck's Help Desk at (828) 349-5750 to request an application. You may also register with StAck at www.state-ack.net.

Pennsylvania will provide the following electronic return acknowledgments: **Conditional Acceptance** (ACK Code = C); **Rejection** (ACK Code = R); **Notification** (ACK Code = N); **Acceptance** (ACK Code = A).

A **Conditional Acceptance** acknowledgment indicates that the electronic return was received and will be processed to the Department's Personal Income Tax master file. The conditional acceptance does not indicate that the return has completed the master file processing.

A **Rejection** indicates that the entire electronic return has been placed in a rejected status. The Help Desk will work with the transmitter to resolve the problem that caused the rejection. In the event the problem cannot be resolved and the return remains rejected, the taxpayer will be required to file a paper return. A paper return for a state rejected electronic return must be mailed to:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280507
Harrisburg, PA 17128-0507

If the PA Department of Revenue needs additional information to process the return once on the master file, it will provide an electronic messaging **Notification** (ACK Code = N) identifying the information needed. When the additional information that had been requested is received, an **acceptance** code (ACK Code = A) will be provided by the PA Department of Revenue. **(Detailed information is provided in Chapter 7 - Pennsylvania's Electronic Messaging System and Acknowledgment Codes.)**

An **acceptance** code (ACK Code = A) indicates a return has completed the master file processing and no additional information is needed.

Direct transmitters **must** retrieve these acknowledgments and notifications and, within 48 hours, relay the information to the appropriate ERO.

CHAPTER 7 • PENNSYLVANIA'S ELECTRONIC MESSAGING SYSTEM AND ACKNOWLEDGMENT CODES

Electronic Messaging System

In order to reduce correspondence, improve customer service, and speed up return processing, the Department identified the top 13 reasons that electronic returns were unable to be processed as received. When additional information is needed to process an electronic return during master file processing, PA's Electronic Messaging System will generate an "N" code to the ERO's electronic mailbox. A three-digit number beginning with "9" will accompany the "N" notification code telling the ERO what is needed to process the return. In the event the information needed does not fall into one of the pre-defined notification codes, a generic "909" code will be sent. When a 909 code is received, the ERO should call PA's **e-file** Help Desk to resolve the problem.

**To expedite processing, EROs may FAX the requested information to:
(717) 772-4193 or (717) 787-2840.**

or

The information can be mailed to: PA Department of Revenue
Bureau of Individual Taxes
Electronic Filing Section
Dept. 280507
Harrisburg, PA 17128-0507

or

Overnight mail service address: PA Department of Revenue
Bureau of Individual Taxes
Fourth Floor Strawberry Square
4th & Walnut Streets
Harrisburg, PA 17128

On the accounts where the Department receives the information requested through the "N" notification code messaging system, an "A" acknowledgment code will be sent to the ERO's electronic mailbox. This "A" Code indicates that the additional information sent satisfies the Department's review needs and that the return has processed through the master file system.

Pennsylvania's Electronic Messaging System was developed to allow EROs to fix problems with taxpayers' accounts without the Department directly contacting the taxpayer. After analyzing the data from last year, the Department anticipates that EROs will be able to resolve at least 95% of the problems on **e-file** returns through this messaging system.

If the Department does not receive a response to one of our predefined notification requests within 20 days, the taxpayer will be sent a letter for the needed information. Exception: If a 909 notification is not resolved within 10 days, a letter will be generated to the taxpayer.

Pennsylvania Acknowledgment and Messaging Notification Codes

Ack Code	Error Code	Form	Field No.	Description
C				The electronic return was accepted by the PA Department of Revenue and will be forwarded for processing to the Personal Income Tax master file.
R	001	PA-40	024 030 035 040 048	When a Direct Deposit or Electronic Funds Withdrawal indicator is present, the following fields must be present: state routing transit number, state deposit account number and type of account.
R	002	PA-40	024 305-1	If the Electronic Funds Withdrawal indicator is present, then the Requested Payment Date is required. The Requested Payment Date cannot be earlier than the current date. If the return is transmitted before April 15th, the Requested Payment Date cannot be later than April 15th. On April 15th and after, the Requested Payment Date must equal the current processing date.
R	003	PA-40	060-1	The Primary Last Name is a required field. A hyphen is the only allowable special character in the Primary Last Name. No more than one space can exist between characters in the Primary Last Name. The Primary Last Name must be left justified.
R	004	PA-40	060-1 060-2	If the Primary suffix is present, then the primary last name must be present. The Primary Suffix must be left justified and must be valid. Only the following values are valid in the Primary Suffix: JR, SR, I, II, III, IV, 1 ST , 2 ND , 3 RD , and 4 TH .
R	005	PA-40	070-1	The Primary First Name is a required field. A hyphen is the only allowable special character permitted in the Primary First Name. No more than one space can exist between characters in the Primary First Name. The Primary First Name must be left justified.
R	006	PA-40	065-1 065-2	If the Spouse's Suffix is present, the Spouse's Last Name must be present. The Spouse's Suffix must be left justified and must be valid. Only the following values are valid in the Spouse's Suffix: JR, SR, I, II, III, IV, 1 ST , 2 ND , 3 RD , and 4 TH .

Ack Code	Error Code	Form	Field No.	Description
R	007	PA-40	075	Address Line 1 is a required field if there is no Foreign Street address. Periods and commas (,) are not permitted in Address Line 1. More than one space cannot exist between characters in Address Line 1.
R	008	PA-40	085	The City is a required field if there is no foreign city or province. Only the following characters are permitted in the city: Alpha, Hyphens (-), and Ampersands (&). The City must be left justified.
R	010	PA-40	310-4	If a School Code is entered, it must be valid or equal 99999.
R	011	PA-40	350 355	If Unreimbursed Business expenses are present, then the Gross PA Taxable Compensation must be greater than zero and a PA Schedule UE is required.
R	012	PA-40	350 355 360	Gross PA Taxable Compensation Minus the Unreimbursed Employee Business Expenses must equal the Net PA Taxable Compensation. If the Unreimbursed Employee Business expenses are greater than the Gross PA Taxable Compensation, then the Net PA Taxable Compensation must equal zero. The Net PA Taxable Compensation cannot be less than zero.
R	013	PA-40	400 360 365 370 375 380 385 390 395	The Total Gross PA Taxable Income must equal the sum of the Net PA Taxable Compensation, plus the PA Taxable Interest, the PA Taxable Dividends, the Net Income or Loss from the Operation of a Business, Profession or Farm, the Net Gain or Loss from the Sale, Exchange or Disposition of Property, the Net Income or Loss from Rents, Royalties, Patents and Copyrights, the Estate and Trust Income and the Gambling and Lottery winnings. Only numbers that are greater than zero can be included in the Gross PA Taxable Income.

Ack Code	Error Code	Form	Field No.	Description
R	014	PA-40	450 430 435 440 445	The Total Estimated Payments & Credits must equal the sum of the Credit from previous PA Tax Return plus the Estimated Payments, the Payment with Extension and the Nonresident Tax Withheld.
R	015	PA-40	400 460	If the Eligibility Income from PA Schedule SP is greater than zero, a PA Schedule SP is required. The Eligibility Income From PA Schedule SP must be equal to or greater than the Total Gross PA Taxable Income.
R	016	PA-40	415 470	If a Resident Credit is present, it cannot be greater than the Total PA Tax Liability.
R	017	PA-40	425 450 465 470 475 495	The Total Payments and Credits must equal the sum of the Total PA Tax Withheld plus the Total Estimated Payments & Credits, the Tax Forgiveness Credit, the Resident Credit and the Total Other Credits.
R	018	PA-40	415 495 500 515 520 525	If the Total Payments and Credits equal the Total PA Tax Liability, the following fields cannot be greater than zero: PA Tax Due, Overpayment, Refund Check and Credit to your Estimated Tax Account.
R	019	PA-40	415 495 500	The PA Tax Due must equal the Total PA Tax Liability minus the Total Payments and Credits. If the Total PA Tax Liability is greater than the Total Payments and Credits, then the PA Tax Due must be greater than zero.
R	020	PA-40	500 505 510	If PA Tax Due is greater than zero, Total Payment must be greater than zero.
R	021	PA-40	415 495 515	If the Total Payments and Credits are greater than the PA Tax Liability, the Overpayment must be greater than zero.

Ack Code	Error Code	Form	Field No.	Description
R	022	PA-40	515 520 525 530 535 540 545 550	The sum of the Amount of Refund Check plus Amount of Estimated Tax, Amount to donate to Wild Resource, Amount to donate to Olympic, Amount to donate to Organ & Tissue, Amount to donate to Korean Memorial and Amount to donate to Cancer Research, must equal the Overpayment.
R	023	PA-40	All	The form byte count must be correct.
R	024	PA-40	All	The form header must be valid.
R	025	PA-40	All	The length of the field is longer than the maximum allowed.
R	026	PA-40	All	The field type must be invalid.
R	027	PA-40	All	A field number cannot be repeated on the same occurrence of the same form.
R	028	PA-40	All	The field numbers must be in the sequence specified.
R	029	PA-40	All	The field number must be valid.
N	900	Sch. SP		The filing status on the return was Married, Filing Separately; however, the required spouse's information was not provided on the Schedule SP. Provide the spouse's name, Social Security Number, and income information <u>or</u> if that information is unavailable, submit a signed letter of explanation.
N	901	Sch. SP		Submit a copy of the first page of the taxpayer's federal return to verify dependent(s) shown on Schedule SP.
N	902	Sch. UE		Submit a copy of Federal Form 2106 or a detailed schedule of automobile expenses claimed on Schedule UE.
N	903	Sch. UE		Submit a letter, signed by the taxpayer's employer, to verify the amount of unreimbursed business expenses claimed were required as a condition of employment and that the employer did not reimburse the taxpayer. The letter must break down how each item is applicable to the taxpayer's occupation as described in the PA-40 booklet.

Ack Code	Error Code	Form	Field No.	Description
N	904	Sch. UE		Submit copies of dated receipts to verify the unreimbursed business expenses claimed.
N	905	PA-40		Submit physical copies of all Form(s) W-2, W-2G and/or 1099-R to verify reported PA wages and tax withholding.
N	906	PA-40		Submit the authority section of the military orders directing the taxpayer to federal active duty outside of PA.
N	907	PA-40		Submit documentation from the department head or institution official explaining the scholarship, stipend, or grant award affirming that it is exempt from tax.
N	908	PA-40		Submit copies of cancelled checks or cancelled money orders (not receipts) submitted as estimated payments. In lieu of cancelled checks or money orders, send the document locator number (12-digit number starting with the last 2 digits of the tax year) stamped on the back of the cancelled checks.
N	909			Additional information is needed to process the return. Call the e-file Help Desk at (717) 787-4017 between the hours of 8:00 A.M. and 4:00 P.M. for details.
N	910	PA-40		In order to give credit for taxes paid to another state or country, the PA Department of Revenue needs a signed copy of the taxpayer's tax return exactly as filed with that state/country. A copy of the W-2(s) alone is not sufficient.
N	911	PA-40		The out-of-state return that was submitted to the PA Department of Revenue did not have the taxpayer's signature. Submit a signed copy of the other state's return as filed with that state.
N	912	PA-40		In order to determine eligibility for TAXBACK/Tax Forgiveness, the total annual income must be provided. Please provide the PA Department of Revenue with the amount of income earned in another state or country while a nonresident of PA. If you had a spouse and he/she received similar income, please provide the same information for him/her.
A				The return will be processed by the PA Department of Revenue. No additional information is needed.

CHAPTER 8 • FORM PA-8453

ERO Retention of PA-8453s

If a taxpayer elects **not** to use the Federal Self-Select PIN, or the PA return is filed without a Federal return, the PA Department of Revenue requires EROs and Transmitters to retain completed Forms PA-8453 for three years after the due dates of the returns, or the dates the returns were filed electronically, whichever dates are later. **Please do not mail PA-8453 forms to the PA Department of Revenue.**

In the event that the PA Department of Revenue or the Treasury Department selects an electronic return for examination, the ERO may be required to provide the PA-8453 with all attachments within five business days from the date of the request. In addition, a percentage of PA-8453 forms will be randomly requested yearly for monitoring compliance.

In situations where the ERO moves, the ERO must inform the PA Department of Revenue of the address change for the ERO's office within 14 days of the change. In situations where the ERO ceases operation and has retained the PA-8453 forms for Pennsylvania income tax returns, which have been filed electronically for taxpayers, the ERO must send all PA-8453 forms that are within three years of the due dates of the returns or the dates the returns were filed, whichever is later, to the PA Department of Revenue. Please attach a letter of explanation to the PA-8453 forms and mail them to:

PA Department of Revenue
Bureau of Individual Taxes
Electronic Filing Section
Dept. 280507
Harrisburg, PA 17128-0507

Instructions for PA-8453

Form PA-8453, Pennsylvania Individual Income Tax Declaration for Electronic Filing, must be completed and signed by all appropriate parties before the return is transmitted electronically. The Appendix includes a copy of this form and instructions.

Instructions for PA-8453 (Continued)

Declaration Control Number (DCN) - The DCN is a unique 14-digit number assigned by the ERO to each taxpayer's electronically filed return. For the PA return, it will be the same number as on the federal return.

Name, Address, and Social Security Number (SSN) - Print or type the taxpayer's name (last name first) and complete address including ZIP code. In the spaces provided, you must enter the taxpayer's correct SSN and that of the spouse, if applicable.

The above information must match the information shown on the electronically filed PA-40.

Part I - Tax Return Information

Line 1 - Enter the Adjusted PA Taxable Income from Line 11, Form PA-40.

Line 2 - Enter the PA Tax Liability from Line 12, Form PA-40.

Line 3 - Enter the Total PA Taxes Withheld from Line 13, Form PA-40.

Line 4 - Enter the Amount to be Refunded (Refund Check) from Line 29, Form PA-40.

Line 5 - Enter the Total Payment (Tax Due) from Line 27, Form PA-40.

Part II - Direct Deposit of Refund or Electronic Funds Withdrawal of Tax Due

Line 6 - Routing Transit Number (RTN) - The RTN of the financial institution where the refund will be deposited, or the payment will be withdrawn, must be entered. The first two digits of the RTN must fall within the valid range of 01 through 12 or 21 through 32.

Line 7 - Depositor Account Number (DAN) - The DAN may contain up to 17 positions. If it contains fewer than 17, enter the number from left to right and leave the unused boxes blank. Include hyphens, but omit spaces and other special characters. The DAN may include alphabetic, as well as numeric characters.

Line 8 - Type of Account - Enter whether the refund will be deposited into or the payment withdrawn from a savings or checking account.

Line 9 - Withdrawal Date - Enter the date that the taxpayer wants the the Electronic Funds Withdrawal to occur. If filed on or prior to April 15, 2004, the debit date can be no later than April 15, 2004. **For returns filed after April 15, 2004, the date must be the current date.**

Instructions for PA-8453 (Continued)

Note: If the taxpayer wants the refund directly deposited or the payment electronically withdrawn, be sure the corresponding box for Line 10 in Part III is checked.

Part III - Declaration of Taxpayer

After the return has been prepared and before the return is transmitted, the taxpayer (and spouse, if joint) must verify the information on the return is correct by signing and dating the completed Form PA-8453. The ERO must provide the taxpayer with a copy of this form.

Line 10 - All filers **must** check one of the boxes.

Corrections to Form PA-8453 - If the ERO makes changes to the electronic return after the Form PA-8453 has been signed by the taxpayer, but before it is transmitted, the ERO must have the taxpayer complete and sign a corrected PA-8453 if the PA taxable income changes by more than \$25, or the state refund changes by more than \$5. Nonsubstantive changes are permissible if the person making the corrections initials the changes.

Part IV - Declaration of Electronic Return Originator and Preparer

The ERO's signature is required by the PA Department of Revenue.

A preparer must sign the PA-8453 in the space for **Preparers**. If the preparer is also the ERO, do not complete the preparer section, instead check the box labeled "Check if also Paid Preparer".

CHAPTER 9 • FORM PA-8879

Purpose of Form PA-8879

Form PA-8879 must be completed by the taxpayer and retained by the Electronic Return Originator (ERO) if:

- The taxpayer authorizes the ERO to enter the taxpayer's Personal Identification Number (PIN) as the taxpayer's signature on the electronic tax return.
- The ERO is filing the return using the Practitioner PIN method even if the taxpayer(s) signs the return with his or her own PIN.

The PA Department of Revenue requires EROs and Transmitters to retain completed Forms PA-8879 for three years after the due dates of the returns, or the dates the returns were filed electronically, whichever dates are later. **Please do not mail PA-8879 forms to the PA Department of Revenue.**

In the event that the PA Department of Revenue or the Treasury Department selects an electronic return for examination, the ERO may be required to provide the PA-8879 with all attachments within five business days from the date of the request.

In situations where the ERO moves, the ERO must inform the PA Department of Revenue of the address change for the ERO's office within 14 days of the change. In situations where the ERO ceases operation and had retained the PA-8879 forms for Pennsylvania income tax returns, which have been filed electronically for taxpayers, the ERO must send all PA-8879 forms that are within three years of the due dates of the returns or the dates the returns were filed, whichever is later, to the PA Department of Revenue. Please attach a letter of explanation to the PA-8879 forms and mail them to:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280507
Harrisburg, PA 17128-0507

Instructions for PA-8879

Form PA-8879, Pennsylvania e-file Signature Authorization, must be completed and signed by all appropriate parties before the return is transmitted electronically. The Appendix includes a copy of this form.

Declaration Control Number (DCN) - The DCN is a unique 14-digit number assigned by the ERO to each taxpayer's electronically filed return.

Name, Address and Social Security Number (SSN) - Print or type the taxpayer's name (last name first) and complete the address including ZIP code. In the spaces provided, you must enter the taxpayer's correct SSN and that of the spouse, if applicable.

The above information must match the information shown on the electronically filed PA-40.

Part I - Tax Return Information

Line 1 - Enter the Adjusted PA Taxable Income from Line 11, Form PA-40.

Line 2 - Enter the PA Tax Liability from Line 12, Form PA-40.

Line 3 - Enter the Total PA Taxes Withheld from Line 13, Form PA-40.

Line 4 - Enter the Amount to be refunded from Line 29, Form PA-40.

Line 5 - Enter the Total Payment (Tax Due) from Line 27, Form PA-40.

Part II - Declaration and Authorization of Taxpayer

After the return has been prepared and before the return is transmitted, the taxpayer (and spouse, if joint) must verify the information on the return is correct by signing and dating the completed Form PA-8879. The ERO must provide the taxpayer with a copy of this form.

Check only one box for the taxpayer and spouse. If the taxpayer is authorizing the ERO to enter his or her PIN, enter the ERO firm name on the authorization line.

Part III - Certification and Authentication

This section is only required if you are filing a return using the Practitioner PIN method. The ERO must enter his or her six-digit EFIN and five-digit practitioner PIN in the space provided. The ERO's signature is required by the PA Department of Revenue.

CHAPTER 10 • REFUND OPTIONS AND DIRECT DEPOSIT

Refund Options

Taxpayers may elect to have their 2003 refunds paid in one of the following ways:

1. Remitted as a paper check.
2. Deposited into a financial institution account.

Taxpayers also have the option of distributing overpayments as follows:

1. Credit to the 2004 estimated tax account.
2. Donation to the Wild Resource Conservation Fund.
3. Donation to the U. S. Olympic Committee, Pennsylvania Division.
4. Donation to the Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund.
5. Donation to the Korea/Vietnam Memorial, Inc.
6. Donation to the Breast and Cervical Cancer Research Fund.

Direct Deposit

The direct deposit option is available only for electronically filed refund returns for Tax Year 2003. Refunds by direct deposit are electronically transferred to the financial institution account indicated in the PA return record.

NOTE: The financial institution accounts into which the PA refund and the Internal Revenue Service refund are deposited **may** be different. Therefore, the state and federal Routing Transit Numbers (RTN) and Deposit Account Numbers (DAN) may be different.

Requirements for Direct Deposit

The PA Department of Revenue will make state refunds by direct deposit to a taxpayer's financial institution if the following requirements have been met:

1. Taxpayers electronically file their returns.
2. Taxpayers provide acceptable proof of an established or existing account.

Requirements for Direct Deposit (Continued)

Internal Revenue Service **Publication 1345** sets forth detailed eligibility requirements, responsibilities, and instructions governing tax preparers, transmitters and EROs who offer taxpayers the option of direct deposit. Those same rules, policies and procedures apply when offering direct deposit on the state return.

Preparing Taxpayers for Pennsylvania Direct Deposit

Before authorizing a direct deposit, taxpayers should confirm with their financial institutions that the institutions can accept direct deposit transactions.

Preparers and EROs must stress to taxpayers the importance of supplying correct information because **neither** the direct deposit election, the RTN or DAN may be changed once a return has been acknowledged by the PA Department of Revenue.

Taxpayers usually receive refunds by direct deposit within three to four weeks of filing their returns.

If any of the following conditions exist, a paper check will be issued:

1. Invalid RTN or DAN.
2. Rejection by the receiving depository financial institution.
Note: Some financial institutions do not permit deposit of a joint refund into an individual account. The PA Department of Revenue is not responsible when a financial institution refuses a direct deposit.

The PA acknowledgment only indicates the acceptance of the return at the PA Department of Revenue. It does **not** indicate proof that a refund check will be issued or that a direct deposit will be honored.

CHAPTER 11 • PROCESSING DELAYS

The PA Department of Revenue will make every effort to process refunds for electronic returns within three to four weeks of receipt of the electronic return. However, delays may occur. Taxpayers may confirm acknowledgment of their PA state return with their ERO. Taxpayers should be advised to wait at least 30 days from the date of acknowledgment before calling the PA Department of Revenue to inquire about the status of their refunds.

Taxpayers may call or visit the Department's Web site at **www.revenue.state.pa.us** or our toll-free 24-hour automated FACT & Information Line at 1-888-PATAXES (1-888-728-2937) to check on the status of their refund.

In the event the Fact & Information Line is unable to provide information on their return, taxpayers may also call our Taxpayer Services Information Center at (717) 787-8201. Additionally, they should inform the Department that the return was filed electronically and be prepared to provide their SSN, and the PA state acknowledgment date of their electronically filed return.

CHAPTER 12 • OPTIONS FOR PAYMENT OF BALANCE DUE

The taxpayer is responsible for submitting the payment due to the PA Department of Revenue by April 15, 2004. Taxpayers may elect to pay their tax in one of the following ways:

1. Authorizing a withdrawal from their checking or savings account through electronic funds withdrawal.
2. Mailing a check or money order with the Department's preprinted Payment Voucher, PA-V, provided in their 2003 PA Individual Income Tax booklet or the voucher letter they received.
3. Authorizing a credit card payment through Official Payments Corp. American Express, Master Card, Discover/Novus and Visa are accepted.

Electronic Return Originators (EROs) must inform taxpayers that payment of taxes due must be made no later than April 15, 2004. If the taxpayer does not make full payment of income taxes due on or before April 15, an assessment will be sent requesting payment. The assessment will indicate the tax due, as well as interest and penalty for late payment of taxes due.

Electronic Funds Withdrawal

Electronic funds withdrawal is available for balance due returns for Tax Year 2003. Payments by electronic funds withdrawal are automatically and electronically transferred from the financial institution account indicated in the PA return record, as written on the PA-8453.

NOTE: The financial institution accounts from which the PA payment and the Internal Revenue Service payment are withdrawn may be different. Therefore, the state and federal routing transit numbers (RTN) and deposit account numbers (DAN) may be different.

Electronic Funds Withdrawal - Taxpayers who choose this option must provide EROs with account numbers and routing numbers for the qualified savings, checking or share draft accounts. This information is best obtained from official financial records, account cards, checks or shared drafts that contain the taxpayer's name and address. EROs should caution taxpayers to determine, before they file, that their financial institution supports electronic funds withdrawal requests.

Taxpayers must specify the bank account from which they wish to have the balance paid and the date on which the debit will be made. This allows taxpayers to pay the balance as soon as the return is processed or delay it to a future date, not later than the return due date without extension. For example, the ERO may transmit the return in March and the taxpayer can specify that the debit be made on any specific day on or before April 15. The taxpayer does not have to do anything at a later date. For returns transmitted after April 15, the debit will be processed on the day the electronic return is processed.

EROs that collect already completed returns, including returns from Drop-off Collection Points, from taxpayers who elect to pay their balances due by electronic funds withdrawal should be careful to ensure that all the information needed for the electronic funds withdrawal request is included in the return. Taxpayers must provide all of the following: routing number; account number; type of account (checking or savings); date of withdrawal; and amount to be withdrawn. In addition, EROs must provide those taxpayers with printouts of the electronic return data.

If taxpayers do not provide all of the needed information, EROs must contact the taxpayers. If the ERO is unsuccessful in obtaining the electronic funds withdrawal information, but the returns are otherwise complete, the ERO should proceed with the transmission of the electronic return data to the IRS. The ERO must notify the taxpayer(s), in writing, that other arrangements must be made to pay the balance due.

Revoking the Electronic Funds Withdrawal Authorization

Taxpayers can revoke the electronic funds withdrawal authorization by notifying the PA Department of Revenue in writing no later than two business days prior to the debit date. Written requests to revoke the electronic funds withdrawal must include the taxpayer's name, address, Social Security Number (SSN), RTN, DAN and payment amount. Written requests can be faxed to (717) 772-4193 or (717) 787-2840 or e-mailed to ra-achrevok@state.pa.us.

Requirement for Electronic Funds Withdrawal

The PA Department of Revenue will allow payment of PA tax due from a taxpayer's financial institution if the taxpayers provide acceptable proof of an established or existing account.

Internal Revenue Service **Publication 1345** sets forth detailed eligibility requirements, responsibilities, and instructions governing tax preparers, transmitters, and EROs who offer taxpayers the option of electronic funds withdrawal. Those same rules, policies, and procedures apply when offering an electronic payment on the state return.

Preparing Taxpayers for Pennsylvania Electronic Funds Withdrawal

Before authorizing an electronic funds withdrawal, taxpayers should confirm with their financial institutions that the institutions can accept electronic funds withdrawals.

Preparers and EROs must stress to taxpayers the importance of supplying correct information because **neither** the electronic payment election, the RTN **nor** the DAN may be changed once a return has been acknowledged by the PA Department of Revenue.

If any of the following conditions exist, a paper check or money order will need to be issued by the taxpayer for payment of PA taxes:

1. Invalid RTN or DAN;
2. Invalid ACH Payment Date selected; or
3. Rejection by the taxpayer's financial institution.

Note: The PA Department of Revenue is not responsible when a financial institution refuses to honor an electronic payment.

The PA acknowledgment only indicates the acceptance of the return at the PA Department of Revenue. It does **not** indicate proof that an electronic payment will be honored by the taxpayer's bank.

Checks or Money Orders

A PA Individual Income Tax Payment Voucher, PA-V, is included in the taxpayer's 2003 Pennsylvania Individual Income Tax Forms and Instructions booklet or the taxpayer's Payment Voucher letter. The payment voucher must be mailed with the taxpayer's check made payable to the PA Department of Revenue to:

PA Department of Revenue
Payment Enclosed
1 Revenue Place
Harrisburg, PA 17129-0001

Note: If your tax preparation software prints a PA-V facsimile approved by the PA Department of Revenue, that PA-V may be used when no preprinted PA-V is available. Mail the PA-V and check to the above address.

In the event the taxpayer does not have a preprinted voucher and your software is unable to produce a Department-approved facsimile, make the check or money order payable to PA Department of Revenue. Include the taxpayer's SSN on the check or money order. Clearly mark "**2003 PA Tax**" on the check or money order and mail it to the address listed above.

Credit Card Payment

Taxpayers can now pay their 2003 Personal Income Tax payment by credit card over the phone or the Internet. There is a 2.5% fee, charged by the service provider. The taxpayer will be notified of this fee before their payment is made. Payments made under \$40 will be charged a flat fee of \$1.00. American Express, MasterCard, Discover/NOVUS and Visa are accepted. To access this service, contact Official Payments at 1-800-272-9829 or visit www.officialpayments.com. You can also access a link to Official Payments by visiting the Department of Revenue's e-Services center site at www.revenue.state.pa.us.

In addition to charging the balance due on their credit card, taxpayers can also charge their estimated tax payments, extension payments and pay their delinquent tax payments.

CHAPTER 13 • RESPONSIBILITIES OF ELECTRONIC FILERS/ TRANSMITTERS/ELECTRONIC RETURN ORIGINATORS

Compliance

Electronic Return Originators (EROs) and transmitters must comply with the requirements and specifications set forth in the Internal Revenue Service Publications 1345 (Handbook), 1346 (File Specifications), 1436 (Test Package), 1545 (Logo Guidelines), and the Pennsylvania PA-1345 (Handbook), and PA-1346 (File Specifications).

EROs must furnish taxpayers with documentation of all completed PA forms and schedules filed by the taxpayer, including Form PA-8453. These documents must be supplied at the time the taxpayer signs Form PA-8453.

EROs must retain the following material for three years after the due dates of the return, or the dates the returns were filed electronically, whichever dates are later:

- A signed Form PA-8453 (only when applicable).
- A signed Form PA-8879 (only when applicable).
- PA copies of Form(s) W-2, W-2G and **1099-R**.
- Copy of Military Orders, scholarship, stipend, or grant documentation, City of Philadelphia Injured on Duty (I.O.D.) documentation (only when applicable).
- Federal Extension Form 4868 (only for returns with extensions of time to file).
- Complete copy of the electronic portion of the return (may be retained on magnetic media).

Timeliness of Filing

Transmitters must ensure that electronic returns are filed in a timely manner. The electronic return will be considered electronically filed as of the date the return is accepted by the IRS **e-file** system. The deadline for timely filing is April 15, 2004.

Further, transmitters should confirm acknowledgment of the return by the PA Department of Revenue before considering the state portion received and accepted.

Deadline For Filing

The PA Department of Revenue will accept electronically filed PA returns, which have been submitted for transmission to the IRS Andover Service Center from January 16, 2004, through October 15, 2004, whether or not the taxpayers have extensions of time to file. Any PA returns submitted after October 15, 2004, cannot process in our electronic filing system and must be filed as paper documents.

Amending the Return Electronically

Electronic Return Originators (EROs) and taxpayers that need to make changes after a return has been accepted, can now file an electronic **AMENDED** PA Personal Income Tax return, for the current year (Tax Year 2003) through the IRS's **State-Only** filing system. *(To verify that your software program will be supporting State-Only filing, please check with your software developer).*

In the event that your software program does not support **State-Only** filing, and the taxpayer must file an **amended paper return**, taxpayers must follow the directions for filing amended returns as described in the PA-40 instruction booklet or the brochure, REV-630, Amending PA-40 Returns. Mail amended paper returns to the following address:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280502
Harrisburg, PA 17128-0502

Acknowledgment of Pennsylvania Returns

Transmitters are encouraged to regularly inquire concerning the status of returns transmitted. Transmitters must notify their EROs of the return's acceptance within two working days after obtaining the acknowledgment.

Note: If transmitters do not receive acknowledgment, indicating that the PA return was received within three days of the IRS acceptance acknowledgment, they should call the Department's Help Desk at (717) 787-4017.

Telephone Numbers and Addresses

Electronic Filer Inquiries

The PA Department of Revenue, Electronic Filing Section, has established telephone lines for exclusive use by EROs, transmitters, and software developers participating in the PA Electronic Filing Program. The operating hours are Monday through Friday, 8:00 a.m. to 4:00 p.m., except holidays.

IMPORTANT:

This number should not be provided to taxpayers.

Help Desk(717) 787-4017

Address correspondence for the Electronic Filing Program to:

PA Department of Revenue
Bureau of Individual Taxes
Dept. 280507
Harrisburg, PA 17128-0507
FAX: (717) 772-4193 or (717) 787-2840

Forms Ordering

You may order PA tax forms and publications by calling our toll-free 24-hour automated FACT & Information Line at 1-888-PATAXES (1-888-728-2937). Services for taxpayers with special hearing and/or speaking needs: 1-800-447-3020 (TT only). Address written requests to: PA Department of Revenue, Bureau of Administrative Services, Tax Forms Service Unit, 711 Gibson Blvd., Harrisburg, PA 17104-3200. All material will be mailed directly to you. Forms are also available from the PA Department of Revenue's Web site at **www.revenue.state.pa.us**

For PA Department of Revenue Electronic Filing Publications, you may also call the Help Desk at (717) 787-4017.

Declaration Control Number (DCN)

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PA DEPARTMENT OF REVENUE USE ONLY - DO NOT WRITE OR STAPLE IN THIS SPACE

Form PA-8453

PENNSYLVANIA INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING

2003

For the year January 1 - December 31, 2003

Print or Type

Form fields for Social Security Numbers, Last Name, First Name, Home Address, City, State, and Zip Code.

The above information must be an exact duplicate of that on the electronic return.

Check Proper Filing Status: S Single, M Married, Filing Separate, J Married, Filing Joint, D Deceased, F Final Return, Daytime Telephone Number.

Part I Tax Return Information (Whole dollars only)

- 1. Adjusted PA Taxable Income (Form PA-40, line 11)
2. PA Tax Liability (Form PA-40, line 12)
3. Total PA Tax Withheld (Form PA-40, line 13)
4. Amount to be Refunded (Form PA-40, line 29)
5. Total Payment (Tax Due) (Form PA-40, line 27)

Part II Direct Deposit of Refund or Electronic Funds Withdrawal of Tax Due (Optional - See instructions.)

Form fields for routing transit number (RTN), depositor account number (DAN), type of account (Checking/Savings), and debit date.

Part III Declaration of Taxpayer (Sign only after Part I is Complete)

- 10. a. I consent that my refund be directly deposited as designated in Part II...
b. I do not want direct deposit of my refund or am not receiving a refund.
c. I authorize (1) the Pennsylvania Department of Revenue and its designated Financial Agents to initiate an Electronic Funds withdrawal entry...

If I have filed a balance due return, I understand that if the PA Department of Revenue does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties.

I declare that under penalties of perjury, I have compared the information on my return with the information I have provided to my electronic return originator and the amounts agree with the amounts on my 2003 PA Tax Return (Form PA-40).

Sign Here: Your signature, Date, Spouse's signature. If a joint return, BOTH must sign. Date

Part IV Declaration of Electronic Return Originator (ERO) and Paid Preparer (See Instructions.)

I declare that I have received the above taxpayer's return and that the entries on this form are complete and correct to the best of my knowledge. I have obtained the taxpayer's signature on this form before submitting this return to the PA Department of Revenue.

Form fields for ERO's signature, Date, Check if also paid preparer, Check if self-employed, EIN, Firm's name, Daytime Telephone Number, Preparer's signature, Date, Check if also paid preparer, Check if self-employed, EIN, Firm's name, Daytime Telephone Number.

ELECTRONIC RETURN ORIGINATORS (EROs) AND TAXPAYERS FILING FROM HOME PCs

KEEP THIS FORM (and the required attachments) FOR THREE YEARS.

Please DO NOT mail this form.

PENNSYLVANIA

INSTRUCTIONS FOR PA-8453

Filing of Form PA-8453

If a taxpayer elects **not** to use the Federal Self-Select PIN, or the return is filed without a Federal return, the PA Department of Revenue requires **Electronic Return Originators (EROs) and transmitters to retain completed Forms PA-8453 and supporting documents for three (3) years after the due date of the return, or the date the return was filed electronically, whichever date is later.** EROs and transmitters must make the documents available to the PA Department of Revenue upon request. **Do not mail Form PA-8453 and attachments to PA Department of Revenue unless requested.**

NOTE: If the ERO or transmitter closes their business, they must mail all of the forms to the following address with a letter of explanation.

PA Department of Revenue
Bureau of Individual Taxes
Electronic Filing Section
Dept. 280507
Harrisburg, PA 17128-0507

Taxpayers filing electronically from home computers must keep the signed Form PA-8453 and supporting documents for three (3) years after the due date of the return, or the date the return was filed electronically, whichever date is later. Taxpayers must make the documents available to the PA Department of Revenue upon request. **Do not mail Form PA-8453 and attachments to the PA Department of Revenue unless requested.**

Line Instructions – Form PA-8453

Declaration Control Number (DCN) - The DCN is a 14-digit number assigned by the Electronic Return Originator (ERO) to each taxpayer's return. For the PA Tax Return it will be the same number as on the federal return.

Name, Address, and Social Security Number - Print or type the taxpayer's name (last name first) and complete address including zip code. In the spaces provided, you must enter the taxpayer's correct Social Security Number and that of the spouse, if applicable. If a husband and wife use different last names, please separate the names as in the following example: Paul A. Smith and Joan A. Weston would be Smith, Paul A. and Joan A. Weston.

The address must match the address shown on the electronically filed PA-40.

Part I - Tax Return Information

Line 1 - Enter the Adjusted PA Taxable Income from line 11, Form PA-40.

Line 2 - Enter the PA Tax Liability from line 12, Form PA-40.

Line 3 - Enter the Total PA Tax Withheld from line 13, Form PA-40.

Line 4 - Enter the Amount to be Refunded from line 29, Form PA-40.

Line 5 - Enter the Total Payment (Tax Due), from line 27, Form PA-40.

Taxpayers are responsible for submitting the payment due to the PA Department of Revenue by April 15, 2004. Taxpayers must use the **preprinted** PA Individual Income Tax Payment Voucher, PA-V, provided in their 2003 PA Individual Income Tax Forms and Instructions booklet.

NOTE: *In the event the taxpayer does not have a preprinted voucher, the check or Money Order should be made payable to the PA Dept. of Revenue. The taxpayer's SSN and "2003 PA Tax" should be written on the payment.*

PA Dept. of Revenue
Payment Enclosed
1 Revenue Place
Harrisburg, PA 17129-0001

Part II - Direct Deposit of Refund or Electronic Funds Withdrawal

Taxpayers can elect to have their refund directly deposited or elect the electronic funds withdrawal method of payment by completing Part II.

Line 6 - The routing transit number (RTN) must contain nine digits. If the RTN does not begin with 01 through 12, or 21 through 32, the direct deposit or electronic funds withdrawal request will be rejected.

Line 7 - The depositor account number (DAN) can contain up to 17 alphanumeric characters. Include hyphens, but omit spaces and special symbols. If fewer than 17 characters, enter the number from left to right and leave the unused boxes blank.

Line 8 - Check the appropriate box.

Line 9 - Debit Date - Enter the date that the taxpayer wants the payment electronically withdrawn, but no later than April 15, 2004, if filed on or before April 15, 2004.

CAUTION: *The account cannot include the name of any other person unless the taxpayer's filing status on the return is married filing joint or married filing separately, and the taxpayer's spouse is the other name listed on the account.*

Some financial institutions do not permit the deposit of a joint refund in an individual account. The PA Department of Revenue is not responsible when a financial institution refuses a direct deposit for this reason.

To be eligible for direct deposit or electronic funds withdrawal, taxpayers must provide proof of account ownership to their ERO. An acceptable proof of account ownership is a check, form,

report, or other statement generated by the financial institution that has the taxpayer's name, RTN of the financial institution, and the DAN preprinted on it.

For accounts that are payable through a financial institution other than the one at which the account is located, the taxpayer must provide a document, such as an account statement or account identification card, showing the RTN of the bank or institution where the account is located. A deposit slip should not be used to verify the RTN and DAN because it can contain internal routing numbers that are not part of the RTN.

If there is any doubt about the correct RTN, the taxpayer should contact the financial institution and ask for the correct RTN for direct deposit or electronic funds withdrawal.

NOTE: *Some financial institutions may not accept direct deposits into accounts that are payable through another bank or financial institution, including credit unions.*

Part III - Declaration of Taxpayer

Line 10 - All filers **must** check one of the boxes.

NOTE: Taxpayers can revoke the electronic funds withdrawal authorization by notifying the PA Department of Revenue in writing no later than two business days prior to the debit date. Written requests to revoke the electronic funds withdrawal must include the taxpayer's name, address, social security number, routing transit number (RTN), depositor account number (DAN) and payment amount. Written requests can be faxed to (717) 772-4193 or (717) 787-2840 or e-mailed to ra-achrevok@state.pa.us.

After the return has been prepared and before the return is transmitted, the taxpayer (and spouse, if joint) must verify the information on the return and sign and date the completed Form PA-8453. The ERO must provide the taxpayer with a copy of this form.

If the ERO makes changes to the electronic return after the Form PA-8453 has been signed by the taxpayer, but before it is transmitted, the ERO must have the taxpayer complete and sign a corrected Form PA-8453.

Part IV - Declaration of Electronic Return Originator (ERO) and Preparer

The PA Department of Revenue requires the ERO to sign this form and keep it along with the required attachments for three years.

A preparer must sign the Form PA-8453 in the space for Preparer. If the Preparer is also the ERO, do not complete the Preparer Section; instead check the box labeled "Check if also paid preparer."

Declaration Control Number (DCN) _____

Taxpayer's Name _____ Social Security Number _____

Spouse's Name _____ Spouse's Social Security Number _____

PART I Tax Return Information – Tax Year Ending December 31, 2003 (Whole Dollars Only)

- 1. Adjusted PA Taxable Income (Form **PA-40**, line 11)1. _____
- 2. PA Tax Liability (Form **PA-40**, line 12)2. _____
- 3. Total PA Tax Withheld (Form **PA-40**, line 13)3. _____
- 4. Refund (Form **PA-40**, line 29)4. _____
- 5. Total Payment (Tax Due) (Form **PA-40**, line 27)5. _____

PART II Declaration and Signature Authorization of Taxpayer

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements of my 2003 PA Tax Return (**Form PA-40**), and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in **Part I** above are the amounts shown on the copy of my electronic income tax return. I acknowledge that I have read the **Consent to Disclosure** and, if applicable, **Electronic Funds Withdrawal Consent** included on my copy of my electronic tax return and I agree to the provisions contained therein. I have selected a personal identification number (PIN) as my signature for my electronic income tax return and, if applicable, my **Electronic Funds Withdrawal Consent**.

Taxpayer's PIN: (check one box only)

I authorize _____ to enter my PIN _____ as my signature on my tax year 2003 electronically filed income tax return.

I will enter my PIN as my signature on my tax year 2003 electronically filed income tax return.

Your signature _____ Date _____

Spouse's PIN: (check one box only)

I authorize _____ to enter my PIN _____ as my signature on my tax year 2003 electronically filed income tax return.

I will enter my PIN as my signature on my tax year 2003 electronically filed income tax return.

Spouse's signature _____ Date _____

Practitioner PIN Program Participants Only – Continue Below

PART III Certification and Authentication – Practitioner PIN Program

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN _____
 As a participant in the Practitioner PIN Program, I certify that the above numeric entry is my PIN, which is my signature on the tax year 2003 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am participating in the Practitioner PIN Program in accordance with the requirements established for this program.

ERO's signature _____ Date _____

ERO Must Retain This Form and the Supporting Documents for three (3) years.
DO NOT SUBMIT THIS FORM TO PENNSYLVANIA