



Handbook on Corporate & Business Income Tax  
Modernized e-File (MeF) for Tax Year 2021

October 2021

# Table of Contents

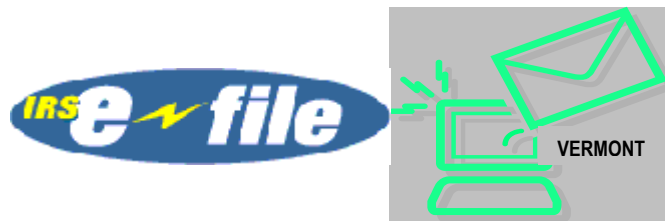
<b><u>SECTION 1: Instructions for Electronic Filing</u></b> .....	3
Introduction .....	3
Software acceptance and participation .....	4
Publications .....	4
Changes in Vermont corporate and business income tax (tax year 2021) .....	5
<b><u>SECTION 2: The Filing Process</u></b> .....	6
What can be transmitted electronically.....	6
Expected values for the Vermont submission manifest .....	8
Acknowledgment system .....	8
<b><u>SECTION 3: General Information</u></b> .....	8
Mandates.....	9
Refunds .....	9
Balance due returns .....	9
Benefits of electronic filing .....	9
Electronic filing categories .....	10
<b><u>SECTION 4: Responsibilities of EROs and Transmitters</u></b> .....	11
Timeliness of filing.....	11
Amended filing .....	11
Resubmission of rejected tax returns .....	11
Requirements to participate .....	12
Vermont returns.....	12
<b><u>SECTION 5: Software Design Information</u></b> .....	13
Developer’s responsibilities .....	13
Software acceptance, testing, and approval.....	14
General information.....	14
Participation denial or suspension .....	15
Nature of approval .....	16
Form 8879-VT-C instructions .....	16
<b><u>SECTION 6: Questions</u></b> .....	17
Frequently asked questions .....	17

## SECTION 1 Instructions for Electronic Filing

### INTRODUCTION

Vermont's MeF electronic filing program follows the same rules and guidelines as the IRS electronic filing program specified in the IRS Publications 4163 and 4164. Returns for the IRS and Vermont may be transmitted to a single point (the IRS). The IRS will forward the Vermont returns to Vermont for processing. Vermont will return acknowledgments back to the IRS where they may be picked up by transmitters.

Vermont will begin accepting production Corporate and Business Income Tax Returns, corresponding forms and schedules beginning January 2022 for tax year 2021 by method of Modernized E-File System (MeF).



This handbook provides Preparers, EROs, Transmitters and Software Developers with necessary information to participate in the Modernized E-File Program and the list of Vermont forms that may be filed electronically. Items unique to Vermont will be identified and instructions provided.

Please use this handbook in conjunction with IRS Publication 4163 and IRS Publication 4164. The Vermont Department of Taxes conforms to all requirements, rules and regulations governing tax preparers set forth by the Internal Revenue Service.

#### COMPUTER TECHNICAL ASSISTANCE

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Vermont Department of Taxes

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Phone: (802) 828-6828

#### CONFIRMATION OF FILING INFORMATION

Phone: (802) 828-5723 (local or out-of-state)

*Please allow up to (5) five business days for full processing*

#### WEB ADDRESSES

Vermont Department of Taxes

<http://tax.vermont.gov/tax-professionals>

Internal Revenue Service

[www.irs.gov/e-file-providers/efile-for-tax-professionals](http://www.irs.gov/e-file-providers/efile-for-tax-professionals)

## **SOFTWARE ACCEPTANCE AND PARTICIPATION**

Software developers must test with and receive certification from Vermont for the transmission format before submitting live production returns. To receive final approval, the software developer must transmit all the test returns in one single transmission, without errors. A developer who successfully completes the State testing process will receive written verification.

Software developers must provide the following information to Vermont's MeF Coordinator prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- E-mail alert is required to the Vermont MeF Coordinator

## **PUBLICATIONS**

The following publications are available for your assistance:

- Publication 4163, Modernized e-File Information for Authorized IRS e-file Providers for Business Returns <http://www.irs.gov/pub/irs-pdf/p4163.pdf>
- Publication 4164, Modernized e-File Guide for Software Developers and Transmitters <http://www.irs.gov/pub/irs-pdf/p4164.pdf>
- 2022 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios

# CHANGES IN VERMONT CORPORATE and BUSINESS INCOME TAX (TAX YEAR 2021)

\*\*\*For complete legislative highlights go to <http://tax.vermont.gov>

## FORM BI-471

- Added Name Change checkbox
- Added Address Change check box
- Removed Small Farm Exemption – Not statutory
- Business rule added. If line F is  $\geq 50$  and a BI-472 is attached, then the return will be rejected. Composite filing is mandated for entities with more than 50 nonresident shareholders, partner or members.

## SCHEDULE BI-472

- Line 1 re-numbered to 1a
- Line 1b added *Net adjustment to income resulting from Vermont's disallowance of "bonus depreciation" (IRC 168(k))*
- Line 1c added *Ordinary Business Income with disallowance of "bonus depreciation"*

## SCHEDULE BI-473

- Line 1 re-numbered to 1a
- Line 1b added *Net adjustment to income resulting from Vermont's disallowance of "bonus depreciation" (IRC 168(k))*
- Line 1c added *Ordinary Business Income with disallowance of "bonus depreciation"*

## FORM BI-476

- Added Name Change checkbox
- Added Address Change checkbox

## SCHEDULE K-1VT

- Added check box *Check here if this is a Unitary Partner*
- Added line 8 *Share of total State and Local Taxes Deducted Difference*

## SCHEDULE BA-402

- Reminder: The first Schedule BA-402 should report the PVC's name and FEIN in the "PVC" and "Affiliate" fields.

## FORM BA-403

- Reminder: An extension of time to file a Vermont corporate or business income tax return does not extend the time for paying the tax.

## SCHEDULE BA-404

- Changed line 9 wording to *Investment Tax Credit – Solar Energy §5822(d)*
- Changed line 10 wording to *Investment Tax Credit – Other §5822(d)*
- Machinery & Equipment credit has been removed

## SCHEDULE BA-406

- Changed line 9 wording to *Investment Tax Credit – Solar Energy §5822(d)*
- Changed line 10 wording to *Investment Tax Credit – Other §5822(d)*
- Machinery & Equipment credit has been removed

## SCHEDULE BA-410

No Changes

## **FORM CO-411**

- Added Name Change checkbox
- Added Address Change checkbox

## **SCHEDULE CO-419**

No Changes

## **SCHEDULE CO-420**

No Changes

## **SCHEDULE CO-421**

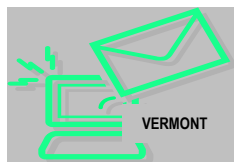
No Changes

## **FORM CO-414**

No Changes

## **FORM WH-435**

No Changes



## ***VERMONT ELECTRONIC FILING FORMS***

### FORM 8879-VT-C

EROs or transmitters keep Form 8879-VT-C in their file. Maintain Form 8879-VT-C with the supporting documentation for a minimum three years.

### FORM 8453-VT

The Department will use this form when requesting additional documentation for an electronically filed return. EROs or transmitters return the requested documentation using Form 8453 as a cover sheet.

## **SECTION 2: The Filing Process**

### **WHAT CAN BE TRANSMITTED ELECTRONICALLY**

The Vermont electronic return will consist of data transmitted. An electronic return contains the same information as a comparable return filed on paper.

Following is a list of all the XML forms that Vermont accepts electronically. Software developers are not required to support all forms that Vermont accepts electronically. ERO's, when purchasing software, should verify the software company will support the forms they want to transmit electronically.

**NOTE:** If you receive a rejection notice for the federal return, the state return will **not** be transmitted to Vermont. See page 11 for information on correcting a rejected transmission.

## Allowable Filings

- Vermont filers with a refund, zero balance, or balance due returns (including underpayment of estimated tax)
- Amended returns
- Extension to file a Corporate and Business Income Tax Return
- Prior year returns *\*If software is certified in the prior year.*

## Forms and Schedules that can be electronically filed

Form	BI-471	Business Income Tax Return
Schedule	BI-472	Non-Composite Schedule
	BI-473	Composite Schedule
	K-1VT	Shareholder, Partner, or Member Information
	BA-402	Apportionment & Allocation Schedule
	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
	BA-406	Credit Allocation Schedule
	BA-410	Corporate and Business Income Tax Affiliation Schedule

Form	BI-476	Business Income Tax Return for Residents Only
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
	BA-406	Credit Allocation Schedule

Form	CO-411	Corporate Income Tax Return
Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
	BA-402	Apportionment & Allocation Schedule
	BA-404	Tax Credits Earned, Applied, Expired and Carried Forward
	BA-406	Credit Allocation Schedule
	CO-419	Apportionment of Foreign Dividends
	CO-420	Foreign Dividend Factor Increments
	CO-421	Unitary Affiliate Schedule

Form	BA-403	Extension of Time to File Corporate/Business Income Tax Returns
	CO-414	Corporate Estimated Tax Payment Voucher
	WH-435	Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members

## Forms that cannot be electronically filed

The following forms/line items **will not be accepted** for electronic filing for the 2021 tax year.

- 1) Stand-alone payment vouchers. (i.e. BI-470 & CO-422)

Note: A Vermont return must be filed as “State Only” or by paper if the federal return is prohibited from being filed through the Federal/State Electronic Filing Program.

**Date Return Marked as Received** – The acknowledgment date is considered the filing date for the Vermont return.

### EXPECTED VALUES FOR THE STATE SUBMISSION MANIFEST

<u>Form</u>	<u>Submission Type</u>	<u>Expected Tax Year</u>
CO411	VTCO411	2021
BI471	VTBI471	2021
BI476	VTBI476	2021
BA403	VTBA403	2021
CO414	VTCO414	2022
WH435	VTWH435	2022

### ACKNOWLEDGMENT SYSTEM

#### Filing Acknowledgments:

**IRS Acknowledgment:** If the data meets specifications and the transmission is accepted, the IRS acknowledges receipt of the Federal and Vermont data. If the electronic returns do not meet the IRS specifications, both the Federal and Vermont returns are rejected. The IRS generates the error code(s). Refer to Federal Publication 4163 and 4164.

**Vermont Acknowledgment:** Vermont uses the State Acknowledgment System operated by the IRS. This system may be accessed either directly or through your software product. Please refer to the software instructions for information concerning accessing and retrieving state acknowledgments.

All rejections, questions or difficulties with the Vermont Acknowledgment go to the Vermont Department of Taxes.

Contact Terri Eldred  
Vermont Department of Taxes  
Tel: 802-828-6828  
Email: [terri.eldred@vermont.gov](mailto:terri.eldred@vermont.gov)

**Accepted** – This acknowledgment indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required.

**Rejected** – This acknowledgment indicates the electronic return was received but failed to complete the pre-entry validation process. The acknowledgment contains the x-path, codes and error descriptions indicating the cause of the rejection. The error condition must be corrected prior to resending the return as a “State-Only” transmission. See page 11 for information on correcting a rejected transmission.

### SECTION 3 General Information

Filing a tax return is the responsibility of the taxpayer. Filing returns electronically requires an agreement between the taxpayer and the ERO. The Vermont MeF Coordinator is not a party to this agreement.



## VERMONT MANDATES

The Commissioner of Taxes has mandated the electronic filing of Vermont Corporate Income, Business Income, and Fiduciary Income Taxes beginning with the 2015 tax year, effective Jan. 1, 2016. This mandate applies to tax practitioners who prepare more than 25 tax returns per year. The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.

**Composite filing requirement** - Starting with tax year 2013, composite filing is mandatory for entities that have more than 50 nonresidents of Vermont shareholders, partners, or members. Starting with tax year 2014, entities filing composite returns must include all nonresidents of Vermont shareholders, partners, or members in the composite filing. 32 V.S.A. §5914(b) & 32 V.S.A. §5920(b)

## REFUNDS

**Processing Time:** Generally, ten business days or less from date of Vermont acknowledgment.

**Refunds as Payments:** Taxpayers may elect to apply all or a portion of the overpayment to be credited to the next tax year.

**Refund Delay:** Delays may occur when additional information is required.

**Refund Status Tracer:** A taxpayer or ERO may inquire about the status of a refund by contacting the department by phone or email. Phone: (802) 828-5723 Email: tax.corporate@vermont.gov.

## BALANCE DUE RETURNS

Vermont returns with a balance due can be filed electronically. This includes underpayment of estimated tax. The return may be filed in advance of the due date without payment.

Payments made after the return's due date will be assessed interest and late payment penalty.

## ACCEPTED PAYMENTS

- **ACH Debit** Available when using the Vermont MeF program. This method of payment may be used to make a payment at the time of filing or for scheduling a payment for a later date. Payments made after the return's due date will be assessed interest and late payment penalty.
- **CHECK or MONEY ORDER** To assure proper crediting of your payment, use Form BI-470 if the payment is for a Business Income Return or, Form CO-422 if the payment is for a Corporate Income Tax Return.

## BENEFITS OF ELECTRONIC FILING

### *Clients:*

- Refunds are usually issued within ten business days of the receipt acknowledgment date.
- Direct deposit of refunds into checking or savings accounts (only available for electronically filed returns).
- One signature on the Form 8879-VT-C covers the signature requirements for all returns electronically filed.

- Returns with tax due may be filed electronically at any time during the tax season but payment is not required until the due date.
- ACH debit payment available with electronic filing. Clients can pay tax at the time of the filing or schedule a payment for a future date.

### ***EROs:***

- Ability to file both Federal and Vermont returns at the same time.
- Ability to file just a Vermont return.
- IRS Electronic Filing Service Center and Vermont's Tax Department available to assist.
- Use existing tax preparation software since most offer electronic filing ability.
- Fewer errors - electronic filing software identifies and corrects many errors that slow down processing and delayed refunds. Electronically filed returns have a 1.5% error rate instead of the 18% error rate for paper returns (as reported by IRS).
- A filing receipt for proof of filing and tracking returns.
- Greater efficiency and productivity in filing returns.
- Reduced printing, copying and postage costs.
- Return copies can be stored on a computer disk to reduce filing space.
- One signature on the Form 8879-VT-C covers the signature requirements for all VT returns electronically filed.

### ***Acknowledgment provided for each return filed***

Vermont uses the State Acknowledgment System administered by the IRS. This system may be accessed either directly or through the software. Please refer to the software instructions for information concerning accessing and retrieving state acknowledgments.

If an acknowledgment from Vermont is not received within five days of the federal acknowledgment, contact Vermont's MeF Coordinator.

### ***Security of information***

- Return information is encrypted for secure transmission of confidential information.
- Filing electronically improves a disaster recovery plan by allowing the storage of return copies on computer disks off-site.

## **ELECTRONIC FILING CATEGORIES**

1. ***Software Developers*** create tax preparation and transmission software that formats electronic returns according to Vermont's electronic return specifications. The software and transmission data must be tested and certified by the Vermont Department of Taxes. To acquire Vermont State Acceptance Testing System information and a letter of participation, contact Vermont's MeF Coordinator.
2. ***Electronic Return Originator (ERO)*** is the tax preparer. The ERO prepares tax returns for electronic submission using tax preparation software approved by the Internal Revenue Service and the Vermont's Tax Department. EROs may be the tax preparer who completes the return, or someone who transmits prepared returns. Check the Vermont Department of Taxes website for the date returns may be transmitted. **Verification of IRS approval is not required prior to electronically filing with Vermont.**

3. **Transmitters** use approved software to transmit electronic returns directly to the Internal Revenue Service Center. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to use computer services.

## **SECTION 4 Responsibilities of EROs and Transmitters**

### **TIMELINESS OF FILING**

All prescribed due dates for filing of returns apply to MeF returns. If any due date falls on a weekend or legal holiday, the return must be filed by the next business day.

All authorized Vermont EROs must ensure that returns are promptly transmitted. An electronically filed return is not considered filed until a Vermont acceptance acknowledgment has been received. It is the ERO's responsibility to check for acknowledgment and contact Vermont's MeF Coordinator if an acknowledgment is not received within 48 hours or, 96 hours if filed on Friday, Saturday or Sunday. If the electronic portion of a return is transmitted on or shortly before the due date and is rejected, see page 11.

The receipt of an electronic postmark will provide taxpayers confidence a return has been filed. The date of the electronic postmark is considered the filing date. All requirements that includes resubmitting a rejected return must be adhered to for the electronic postmark to be considered the filing date.

### **AMENDED FILINGS**

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

### **RESUBMISSION OF REJECTED TAX RETURNS**

After an error acknowledgment is sent, Vermont monitors the timeliness of addressing the correction. Revocation of privileges may result from filing erroneous returns or the failure to provide timely corrections.

If an electronic acknowledgement has not been received within 48 hours or, 96 hours if filed on a Friday, Saturday or Sunday, the ERO should contact the Vermont MeF Coordinator for further instructions. **It is the responsibility of the ERO to ensure that every return filed electronically is acknowledged as accepted.**

If Vermont rejects the return for processing, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours and provide the taxpayer with an explanation for the rejection. If the return is filed near the due date, the resubmitted return will be considered timely if the return is transmitted and accepted within five calendar days of the rejection.

If the electronic return cannot be corrected and retransmitted, the taxpayer must file a paper return. The paper return will be considered timely if it is filed by the due date of the return but no later than five calendar days after the date Vermont gives notification the return is rejected. The paper return

should include an explanation of why the return is being filed after the due date and include a copy of the reject notification.

## REQUIREMENTS TO PARTICIPATE

Authorized Electronic Return Originators (EROs) can submit returns to the IRS MeF system for federal and state return processing. Both fed/state and state only returns can be submitted through the fed/state system. Each return (fed/state or state only) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with Vermont and receive approval prior to submitting fed/state or state only returns.

### ERO and Transmitter

#### *IRS Requirements*

Please see [www.irs.gov/e-file-providers/efile-for-tax-professionals](http://www.irs.gov/e-file-providers/efile-for-tax-professionals) for information on the federal application process. No separate state application is required in Vermont.

**Application:** Complete IRS Form 8633, Application to Participate in the Electronic Filing Program. Go to [www.irs.gov/e-file-providers/efile-for-tax-professionals](http://www.irs.gov/e-file-providers/efile-for-tax-professionals) to download Form 8633. The application period begins August 31 of each year and ends May 31 of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1 and December 1.

#### *Vermont Requirements:*

No separate state application is required. You are not required to test with Vermont, however, you must use Vermont approved software.

1. Vermont Participants- Complete IRS Form 8633 and file with the IRS. No separate Vermont application is required. When you are accepted to participate in the IRS e-file program, do not send a copy of the Form 8633 to Vermont.
2. Out-of-State Participants- Complete IRS Form 8633 and file with the IRS. No separate Vermont application is required. When you are accepted to participate in the IRS e-file program, do not send a copy of the Form 8633 to Vermont.
3. Participants outside of the IRS Cincinnati, OH Service Center- Prior to filing Vermont forms, check with the IRS to ensure your filings will be accepted at Cincinnati, OH.

## FOR VERMONT RETURNS

- Use only software approved for use in the Federal/State Electronic Filing Program and Vermont-approved software. **It is the sole responsibility of the ERO/Transmitter to ensure they are using the most current version of their software.**

\*\*The Vermont Department of Taxes posts a list of approved software and any limitations associated with the software at <http://tax.vermont.gov>

- Use the Vermont tax forms for tax year 2021.
- Use only whole dollars.
- Verify the correct name, address and FEIN of the business was used for the return and on Form 8879-VT-C.
- Obtain the taxpayer’s signature on Form 8879-VT-C *before* the return is transmitted.
- Obtain the signature of the paid preparer, or attach a copy of the Vermont forms signed by the paid preparer to Form 8879-VT-C. Please be sure to mark the copy attachment as “copy.”
- Do not transmit a return you suspect contains false information. Call (802)-828-2865 to report the situation.
- Ask the taxpayer if he or she wants to authorize you to discuss the return with the Department of Taxes and if yes, check the disclosure checkbox.
- Retain Vermont Form 8879-VT-C, with attachments, for three years from the due date or the filing date, whichever is later. If the form is requested by the Vermont Department of Taxes, send the form and attachments within five business days.
- Verify the bank account number if the taxpayer wishes to receive the refund through direct deposit.
- Verify the bank account number if the taxpayer wishes pay balance due through direct debit.

## SECTION 5 Software Design Information

Vermont participates in the IRS Federal/State 1120 and 1065 programs. This allows the filing of both federal and Vermont tax returns using an XML format. The transmission method will be a web service using simple object access protocol (SOAP), with attachments messaging.

### DEVELOPER’S RESPONSIBILITIES

Software developers should:

- Develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions.
- Provide accurate Vermont returns in correct electronic format for transmission.
- Develop software capable of producing a printed copy of the complete electronic filing which includes a **“Do Not Mail”** watermark on the printed forms. Note: Paper documents are not to be sent to Vermont when filing electronically unless the taxpayer is specifically requested to do so.
- Provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate or invalid return information.
- Prevent filing any form not approved for electronic filing by Vermont.

## **SOFTWARE ACCEPTANCE, TESTING AND APPROVAL**

Software developers are required to test with Vermont for accuracy to ensure their software adheres to Vermont business rules, a successful transmission and receipt of acknowledgments. EROs must use tax preparation software that has been approved for use by Vermont.

Software developers use Fed/State 1120/1065 MeF forms-based schemas and the Vermont forms base schemas/spreadsheet.

Edits and verification of business rules are defined for each field or data element. The state spreadsheet will include information on the field type, field format, the business rule and other edits. Developers should apply data from the state spreadsheet and tax forms to the appropriate data element in the XML schema.

The Vermont MeF ATS test package will consist of documentation of special test conditions as well as copies of the state test returns and will be made available to all software developers who indicate their intention to support Vermont MeF.

Vermont's starting test date is tentatively scheduled to begin in early November 2021 for tax year 2021 but is subject to IRS system availability.

Software developers are required to fill out a Vermont Electronic Filing (MeF) Request for Participation letter before beginning to test. An email is required to alert the Vermont MeF Coordinator before submitting the first test file. You will receive an email if there is anything wrong with your file within 48 hours after transmittal. If errors are found, you must resubmit the entire test package. A separate letter will be sent for an online product and preparer product. Once testing is completed you will receive a certification letter indicating you are approved for Vermont.

If the software developer is not acting as the ERO, the software developer is responsible for providing state acknowledgments to the ERO no later than two days after receipt. Failure to do so could lead to suspension from the Vermont program.

Software errors which cause electronic returns to be rejected that surface after testing has been completed should be quickly corrected to ensure that the ERO has the ability to timely and accurately file its electronic returns. Software updates related to software errors should be distributed promptly to users together with any documentation needed.

## **GENERAL INFORMATION**

Vermont will accept the following types of filing:

- Fed/State Original
- State Only

Fed/State Original – The Vermont MeF program works best when the federal and state returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the IRS will validate and verify the federal return data. The IRS will either accept or reject the federal return. The state return is made available to Vermont after the federal return is accepted by the IRS.

State Only – IRS provides the ability for an ERO to transmit and retransmit a state return through the fed/state system without simultaneously transmitting a federal return. State only returns are transmitted to the IRS, validated and made available for states to retrieve in the same fashion as the fed/state transmission. This provides a method for individuals who file multiple state returns to have each participating state’s return filed electronically. Each state return must be transmitted separately. The taxpayer’s federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a state only return.

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc) unless that data element is required by Vermont’s schema.

Detailed requirements for decimal placement in ratios and percentages are in the Vermont state-specific schema and /or data elements spreadsheet.

Software developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal can be made from the taxpayers checking or savings account. Taxpayers can choose the date they want the amount owed withdrawn from their account. Partial payments can be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by Vermont’s MeF Coordinator. Therefore, any public communication that refers to a user’s electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the user for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by the Vermont MeF Coordinator.

Vermont will monitor the quality of transmissions. If the quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic MeF returns. When suspended, the retrieval process will be inactivated halting further processing of MeF returns.

Electronic filers and EROs are expected to place the taxpayer first in providing return preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return. This includes but is not limited to, access to current status of the return and access to the organization representatives to resolve any questions or concerns.

## **PARTICIPATION DENIAL OR SUSPENSION**

Software developers, transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy in order to participate in Vermont’s MeF program.

All Software developers and EROs must comply with the requirements and specifications contained in Vermont’s MeF Handbook. Failure to comply with all requirements and specifications could result in being suspended from the program.

Additionally, Vermont reserves the right to deny participation in its program for the reasons listed below:

- If your company fails to adhere to the State's E-file program requirements and schema.
- If your company does not consistently provide error free returns.
- If your company uses unethical practices in return preparation.

Denial or suspension of participation in the Fed/State Electronic Filing Program may occur if standards are not met. Denial or suspension to file federal returns automatically revokes your ability to electronically file Vermont returns.

For failure to meet Vermont standards, the Vermont Department of Taxes will send a letter of explanation.

## NATURE OF APPROVAL

Software developers submit test cases for the primary purpose of assuring data transmissions are acceptable to Vermont. Approval by the Vermont Department of Taxes does not signify endorsement of any Software developer program or the accuracy of the Software developer program.



## ADVERTISING AND PROGRAM LOGO

You can show that you are authorized to transmit Federal and Vermont returns electronically by using this logo, subject to IRS restrictions, in your advertisements. **Only the IRS-created electronic filing logo may be used.** The IRS created this logo to give a consistent image to the program. Go to [www.irs.gov/e-file-providers/efile-for-tax-professionals](http://www.irs.gov/e-file-providers/efile-for-tax-professionals) under the IRS E-File Library for more information.

## FORM 8879-VT-C INSTRUCTIONS

Form 8879-VT-C, Vermont Corporate or Business Income Tax Declaration for Electronic Filing, authorizes the ERO to file on the taxpayer's behalf and serves as authentication of the return information. Form 8879-VT-C should be kept on file for three years in the EROs or transmitters office.

Form 8879-VT-C must be:

- Completed for every taxpayer's electronically filed submission.
- Signed by the taxpayer before transmitting.
- Completed with information that matches the electronic record.

### **Part I Taxpayer Information**

Print the business name, address and FEIN number. Verify this information and the return information agree.

### **Part II Tax Return Information**

Enter the information from specified lines on the return. Use whole dollars only.



### **Part III *Direct Deposit of Refund/ ACH Debit Payment***

Enter the routing transit number (RTN) of the bank or financial institution. The RTN must contain nine numbers. If the RTN does not begin with 01 through 12 or 21 through 32 the direct deposit request will be rejected. Enter the depositor account number (DAN). The DAN can contain up to 17 characters (both numbers and letters). Check the appropriate box for account type.

### **Part IV *Declaration of Taxpayer***

The taxpayer must read the declaration before signing. The taxpayer is verifying that the information in Part II matches the information on the return.

### **Part V *Declaration of Electronic Return Originator (ERO)***

The ERO must read the declaration before signing and provide the business information requested in the signature block.

Note: If the paid preparer is not available to sign Form 8879-VT-C, a copy of the completed Vermont return(s) signed by the paid preparer must be attached. Mark these returns as “COPY” and enter the business information in the paid preparer section.

### **Part VI *Declaration of Paid Preparer***

The paid preparer must read the declaration before signing. The paid preparer signs and dates the completed Form 8879-VT-C and provides the business information in the paid preparer section.

### **Attachments to Form 8879-VT-C**

- Any other documentation needed to support return preparation

## **SECTION 6 Questions**

### **FREQUENTLY ASKED QUESTIONS**

#### ***I am an out-of-state ERO/Transmitter, do I need to pre-register with Vermont before sending Fed/State Returns?***

No. Vermont’s Tax Department does not require out-of-state EROs/Transmitters to register before transmission. However, the ERO/Transmitter is responsible for making sure Vermont certified software is used that has been tested and approved by the Department and is registered with the IRS to electronically file returns.

#### ***What do I keep on file for Fed/State E-File returns?***

- Form 8879-VT-C
- Vermont Corporate or Business Income Declaration for Electronic Filing
- Vermont’s tax forms and/or schedules.

#### ***Do I send anything to the Vermont Department of Taxes for Fed/State E-File returns?***

Do NOT send anything. Keep the returns and supporting documents on file should the Department request copies.

***Can I attach PDF's to the Vermont Department of Taxes for Fed/State E-File returns?***

There is not a requirement to send additional information, however you may attach PDF files if you deem necessary. Although there is no defined size limit, keeping attachments as small as possible will help ensure successful transmission of returns. The Department will provide a request in writing if additional supporting documents are required.

***Does the Department ask for paper documents for e-filed returns?***

Occasionally, the Department needs a source document to complete the return. If needed, the Department will make a request for a specific document. Unless requested, Do NOT send in any documents.

***How do you pay a tax due for electronically filed returns?***

Tax due must be paid by the due date to avoid interest and penalty charges.

You can pay the tax by:

- ACH DEBIT - When filing through the Vermont MeF program.
- CHECK or MONEY ORDER Use Form BI-470 if the payment is for a Business Income Return or Form CO-422 if the payment is for a Corporate Return.

***What do you do when the electronically filed return is rejected?***

First, check the acknowledgment system to verify acceptance or rejection of the return. Remember, if the Federal return is rejected, the Vermont return will not be transmitted even if there is nothing wrong with the Vermont return.

Next, determine the rejection reason. If the cause of rejection can be corrected, do so and resubmit the return. In some instances, this may be a "STATE ONLY" return.

If the return was e-filed by the due date, five calendar days are allowed to correct the cause of rejection and resubmit the return to be considered a timely filing.

For paper filing of the rejected return, it will be considered timely if received within five calendar days of the due date. Consideration on a case-by-case basis may be given to allow timely filing for a rejected e-filed return based on the days between rejection and receipt of the return.