



Handbook on Corporate & Business Income Tax  
Modernized e-File (MeF) for Tax Year 2024

October 2024

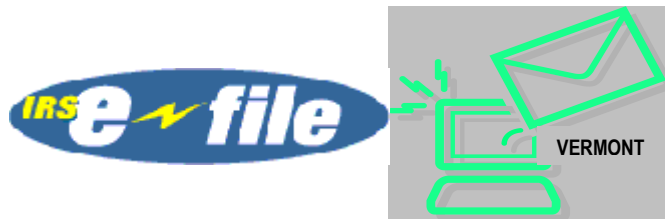
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## SECTION 1 General Information

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 can 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 can be picked up by transmitters.

Vermont will begin accepting 2024 production Corporate and Business Income Tax Returns through the Modernized E-File System (MeF) when the IRS opens for the season.



This handbook provides preparers, EROs, transmitters and software developers with the information necessary to participate in the Modernized E-File Program and the list of Vermont forms that can be filed electronically. Items unique to Vermont are identified and instructions have been provided.

Please use this handbook in conjunction with IRS Publications 4163 and 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

MeF Coordination Team  
Vermont Department of Taxes  
Email: [tax.vendorsupport@vermont.gov](mailto:tax.vendorsupport@vermont.gov)

### CONFIRMATION OF FILING INFORMATION

Web: <https://myvtax.vermont.gov>  
***Please allow up to 2 weeks for MeF filings and  
8 weeks for paper filings to be fully processed***

### 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** 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. For information about Vermont's State Acceptance Testing System, please contact Vermont's MeF coordination team.

**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 Department of Taxes. An ERO may be the tax preparer who completes the return, or someone who transmits prepared returns.

**Transmitters** use approved software to transmit electronic returns directly to the Internal Revenue Service Center and the Vermont Department of Taxes. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to electronically file their returns.

Software developers must test with and receive certification from Vermont for their transmission format before submitting live production returns. In order to receive final approval, Software Developers must transmit all test returns in one single transmission, without any errors. Software developers who successfully complete the state testing process will receive written verification by email from the Department.

Software developers must provide the following to the Vermont MeF coordinator prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- Completed Letter of Intent found on the State Exchange System
- E-mail alert sent to Vermont's MeF Coordination Team at [tax.vendorsupport@vermont.gov](mailto:tax.vendorsupport@vermont.gov) to communicate transmittal of the test package.

(Please include the name of the software and the four-digit industry identification number in the email subject line when submitting the testing package.)

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.

## 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>

- 2024 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios

## SECTION 2: Filing Information

The Vermont electronic return will consist of data transmitted as well as supporting PDF documents. The electronic return must contain the same information as the paper copies of the return.

### Accepted Filings

- Vermont filers with a refund, zero balance, or balance due (including underpayment of estimated tax)
- Amended returns
- Extension to file Corporate/Business Income Tax Return
- Estimated Corporate Income Tax payments – Vermont quarterly estimated payments can be scheduled at the time of filing for all four due dates.
- Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members– Vermont quarterly estimated nonresident payments can be scheduled at the time of filing for all four due dates.
- Prior year returns *\*If software is certified in the prior year.\**

The 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.

### Forms and Schedules that can be electronically filed

Form	BI-471	Business Income Tax Return
Schedule	BI-472	Non-Composite Schedule
Schedule	BI-473	Composite Schedule
Schedule	K-1VT	Shareholder, Partner, or Member Information
Schedule	BI-477	Vermont Income Adjustment Calculation: Pass-Through Nonresident Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
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
Schedule	BA-406	Credit Allocation Schedule
Form	CO-411	Corporate Income Tax Return
Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
Schedule	BA-402	Apportionment & Allocation Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired and Carried Forward

Schedule	BA-406	Credit Allocation Schedule
Schedule	CO-419	Apportionment of Foreign Dividends
Schedule	CO-420	Foreign Dividend Factor Increments
Form	BA-403	Extension of Time to File Corporate/Business Income Tax Returns
Form	CO-414	Corporate Estimated Tax Payment Voucher
Form	WH-435	Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members

The following forms **will not be accepted** for electronic filing for the 2024 tax year.

Form BI-470 – Business Income

Form CO-422 – Corporate Income

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.

**NOTE:** If you receive a rejection notice for the federal return, the state return will **not** be transmitted to Vermont. See page 16 for information on correcting a rejected transmission.

## Expected Values for the State Submission Manifest

<u>Form</u>	<u>Submission Type</u>	<u>Expected Tax Year</u>
CO411	VTCO411	2024
BI471	VTBI471	2024
BI476	VTBI476	2024
BA403	VTBA403	2024
CO414	VTCO414	2025
WH435	VTWH435	2025

## Acknowledgment System

### Filing Acknowledgments:

**IRS Acknowledgment** – If the data meets specifications and the transmission is accepted, the IRS acknowledges receipt of the Federal data 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.

**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 16 for information on correcting a rejected transmission.

The acknowledgment date is considered the filing date for the Vermont return.

If an acknowledgment from Vermont is not received within five days of the federal acknowledgment, contact Vermont’s MeF Coordinator. All rejections, questions or difficulties with the Vermont Acknowledgment should be sent to the Vermont Department of Taxes.

### **Contact**

MEF Coordination Team  
Vermont Department of Taxes  
Email: tax.vendorsupport@vermont.gov

### **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.

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**

Effective January 1, 2024, Vermont will be following the new Internal Revenue Service guidelines on e-filing for businesses. (T.D. 9972) Tax practitioners and taxpayers who file 10 or more tax returns in a year will be required to file all returns electronically. This applies to the filing of Vermont Corporate Income Tax, Business Income Tax, and Fiduciary Income Tax returns.

**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

The annual interest rate for overpayment of tax for 2025 will be 8.5%. The Department of Taxes will pay interest on refunds issued more than 90 days after the due date, including extensions.

### Carryforwards

Taxpayers may elect to apply all or a portion of the income tax refund towards their 2025 Corporate or Business estimated income taxes.

### Refund Delays

Delays may occur when additional information is required for the Department to verify entries on the return.

**Refund Status** A taxpayer or ERO may inquire about the status of a refund by calling the Corporate and Business Section at (802) 828-5723 (local & out of state) or by email at [tax.corporate@vermont.gov](mailto:tax.corporate@vermont.gov).

## Balance Due Returns

Vermont returns with a balance due can be filed electronically. This includes the underpayment of estimated income tax. The return may be filed in advance of the due date without the payment. Payments made after the return's due date will be assessed interest and late payment penalty.

**Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.**

### Accepted Payment Methods

**ACH Debit** Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled for a later date. There is no fee for using ACH Debit.

**MyVTAX** Taxpayers can pay their tax due online using myVTax, the Departments online filing site. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

**Check or Money Order** Taxpayers who wish to pay by check or money order should 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. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.



# 2024 VERMONT CORPORATE AND BUSINESS INCOME TAX CHANGES

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

## Business Income Tax Return Changes

- Removed the hard coded dashes on all the date fields for all forms

### FORM BI-471

Form changes to include:

- Added tax year to top of the form

### SCHEDULE BI-472

Form changes to include:

- Added tax year to top of the schedule
- Line 1 will read. Income Attributable to Vermont (Schedule BI-477, Line 31)

### SCHEDULE BI-473

Form changes to include:

- Added tax year to top of the schedule
- Line 1 will read “Federal adjusted gross income equivalent (Schedule BI-477, Line 30)”
- Line 2 will read “Vermont Income Tax Adjustment % (Schedule BI-477, Line 32)”

### SCHEDULE BI-477

**BI-477 must be attached if there is a BI-472 or BI-473**

**BI-477- Vermont Income Adjustment Calculation: Pass-Through Nonresident**

- Added tax year to top of the schedule

### Section 1 PASS-THROUGH PERSONAL INCOME ADJUSTMENT CALCULATION

- New subsection header added “1A. NON-APPORTIONABLE INCOME CALCULATION”

#### Part II

- Removed previous line 7
- Removed previous line 8
- Old line 9 is new line 7
- New line 8 will read “Bonus depreciation adjustment (Non-apportionable items)”
- New line 9 will read "Other add-backs and adjustments (Non-apportionable items).”

#### Part III – Renamed to “COMPENSATION THAT HAS NOT OTHERWISE BEEN WITHHELD UPON”

- Removed previous line 10
- Old line 11 is new line 10
- Old line 12 is new line 11

## **New subsection header added “1B. APPORTIONABLE INCOME CALCULATION.”**

### **Part IV- Renamed to “Income From Business or Trade”**

- Removed Column B for all lines in Part IV
- Removed reference to Column A and Column A “Federal” title
- Old line 14 is new line 12
- Removed old line 16
- Old line 17 is new line 13 will read “Interest income (include only apportionable interest)”
- Old line 18 is new line 14 will read “Dividends (include only apportionable dividends)”  
Removed three subsections i, ii, iii. Will only consist of one line now
- Old line 19 is new line 15 will read “Other income (specify)”
- Old line 20 is new line 16
- Old line 15 is new line 17 and will read “Bonus depreciation adjustment (Apportionable items)”
- New line 18 will read "Other Add-backs and Adjustments for Ordinary Business Income”
- New line 19 will read “Total apportionable income (**ADD lines 12 through 18**)
- Old line 13 is new line 20 will read “Vermont Sales and Receipts Factor as a percent Everywhere (Section 2, Line 44)”
- New line 21 will read “**Income apportioned to Vermont (multiply line 19 by line 20)**”

### **New Part V will read “MULTI-TIER ENTITIES AND OTHER ADJUSTMENTS”**

- New line 22 will read “Income (loss) from lower-tier partnerships/PTEs (attach Affiliation Schedule BA-410 and necessary worksheets)” added Column A: Federal and Column B: Vermont
- New line 23 will read “Adjustments (attach detailed explanation) added Column A: Federal and Column B: Vermont

### **Old Part V is new Part VI**

- Old Part 4 line 21 is new line 24 will read “Federal total (**ADD Lines 1A through 11A, 19, 22A, and 23A**)”
- Old line 22 is new line 25 will read “Non-apportionable Interest Income (**SUBTRACT Line 13 from federal Form 1065, Sch. K, Line 5, or federal Form 1120-S, Line 4**)
- Old line 23 is new line 26 will read “Non-apportionable Dividends (**SUBTRACT Line 14 from federal Form 1065, Sch. K, Line 6a, or federal Form 1120-S, Line 5a**)
- Old line 24 is new line 27
- Old line 25 is new line 28 will read “**Add lines 24 through 27**”
- Old line 26 is new line 29
- Old line 27 is new line 30 will read “Federal adjusted gross income equivalent from federal Form 1120-S or federal Form 1065, Sch. K with Vermont adjustments (**Add lines 28 and 29**)”
- Old line 28 is new line 31 will read “Vermont Income (**Add Line 1B through 11B, 21, 22B, and 23B**)”

- Old line 29 is new line 32 will read “Income Adjustment % (**Divide Line 31 by Line 30. MULTIPLY the result by 100 and carry the result out to the sixth decimal place.**) Also enter on Schedule BI-473, Line 2”

## **Section 2 VERMONT APPORTIONMENT**

### **Old Part VI is new Part VII**

- Old line 30 is new line 33
- Old line 31 is new line 34
- Old line 32 is new line 35
- Old line 33 is new line 36
- Old line 34 is new line 37 and removed “Enter non-dollar sales figures here”
- Old line 35 is new line 38
- Old line 36 is new line 39
- Old line 37 is new line 40
- Old line 38 is new line 41
- New line 42 will read “Apportionment Factors from Lower-Tier Unitary Activity”
- Old line 39 is new line 43 will read “Total gross receipts (**Add lines 33 through 42**)
- Old line 40 is new line 44 will read “Vermont Gross Receipt factor (**DIVIDE Line 43B by 43A. Multiply the result by 100 and carry the result out to the sixth decimal place.**)

### **New Section 3 will read “WAGE AND PROPERTY FACTOR REPORTING”**

#### **New Part VIII will read “Salary and Wages (required for reporting only)”**

- New line 45 will read “Total SALARIES AND WAGES” referencing Column A. Everywhere and Column B. Vermont

### **Old Part VII is new Part IX**

- Old line 41 is new line 46
- Old line 42 is new line 47
- Old line 43 is new line 48
- Old line 44 is new line 49
- Old line 45 is new line 50
- Old line 46 is new line 51
- Old line 47 is new line 52 will read “Total PROPERTY (**Add lines 46 through 51**)”

## **FORM BI-476**

Form changes to include:

- Added tax year to top of the form

## **SCHEDULE K-1VT**

Form changes to include:

- Added tax year to top of the schedule

**SCHEDULE BA-402**

Form changes to include:

- Added tax year to top of the schedule

**FORM BA-403**

Form changes to include:

No Changes

**SCHEDULE BA-404**

Form changes to include:

- Added tax year to top of the schedule

**SCHEDULE BA-406**

Form changes to include:

- Added tax year to top of the schedule

**SCHEDULE BA-410**

Form changes to include:

- Added tax year to top of the schedule

**Corporate Income Tax Return Changes****FORM CO-411**

Form changes to include:

- Added tax year to top of the form

**SCHEDULE CO-419**

Form changes to include:

- Added tax year to top of the schedule

**SCHEDULE CO-420**

Form changes to include:

- Added tax year to top of the schedule

**FORM BI-470**

Form changes to include:

No changes

**FORM CO-422**

Form changes to include:

No Changes

**FORM CO-414**

Form changes to include:

No Changes

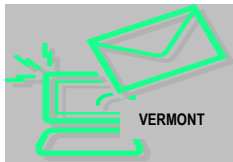
**FORM WH-435**

Form changes to include:

No Changes

**NEW BUSINESS RULES:**

/ReturnState/ReturnDataState/FormBI477/OtherAddAdjA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OtherAddAdjB	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OBusIncDerVTA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OthAdjOrdIncA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/IncLowTierA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/IncLowTierB	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/AdjustmentsA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/AdjustmentsB	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OtherInc	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OtherAdj	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OthBusIncA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/OthBusIncB	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/AppFacUnitA	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.
/ReturnState/ReturnDataState/FormBI477/AppFacUnitB	Form 477-0001-015	Vermont	Required BI-477 Calculation Information PDF is missing.



***VERMONT ELECTRONIC FILING FORMS***

**SECTION 3 Information for Software Developers**

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.

Software developers are required to develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions. The software must provide accurate Vermont income tax returns in the correct electronic format for transmission. The software must be capable of producing a printed copy of the complete electronic filing which includes a **“Do Not Mail”** watermark on the printed forms.

Software developers must provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate or invalid return information. Developers should prevent the filing of any form not approved by Vermont for electronic filing.

## Software Acceptance, Testing and Approval

Software developers are required to fill out a Vermont Electronic Filing Request for Participation letter before beginning to test. An email is required to alert the 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 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.

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 test date is tentatively scheduled to begin in early November 2024 for tax year 2024 but is subject to IRS system availability.

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.

Vermont will accept the following types of filing:

**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.

Software developers use Fed/State 1120/1120S/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.

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 may 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 may be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Vermont 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 Vermont's 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 electronic 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 the Vermont 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 MeF 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.

The Department will send a letter of explanation if a denial or suspension of participation is issued for the failure to meet Vermont's standards.

## 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 may 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) to under the IRS E-File Library for more information.

## SECTION 4 Information for EROs and Transmitters

### Requirements to Participate

#### IRS Requirements:

Please visit [www.irs.gov/e-file-providers/efile-for-tax-professionals](http://www.irs.gov/e-file-providers/efile-for-tax-professionals) for information on completing **IRS Form 8633 - Application to Participate in the Electronic Filing**



**Program.** The application period begins August 31<sup>st</sup> of each year and ends May 31<sup>st</sup> of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1<sup>st</sup> and December 1<sup>st</sup>.

### **Vermont Requirements:**

**A separate Vermont state application is not required.** You do not need to send a copy of your acceptance letter or IRS Form 8633 to the Department. You are not required to test with Vermont, however, you must use Vermont approved software

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 live Fed/State or State Only returns.

### **Timeliness of Filings**

All scheduled 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 ERO's responsibility to check for acknowledgment and contact the Vermont MeF Coordinator if an acknowledgment is not produced within 48 hours during the week 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 ultimately rejected, see page 16.

The receipt of an electronic postmark will provide taxpayers confidence that they have filed their return. The date of the electronic postmark is considered the date of filing. All requirements as well as resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

### **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 a timely correction.

If an electronic acknowledgement has not been received within 48 hours, or 96 hours if filed on Friday, Saturday, or Sunday, the ERO should contact Vermont's 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 by 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.

## 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 2024 Vermont Corporate/Business Income Tax forms.
- Use only whole dollars.
- Verify the correct name, address and FEIN of the business was used for the return and on Form 8879 IRS e-file Signature Authorization OR 8879-VT.
- Do not transmit a return you suspect contains false information. Call the Taxpayer Service Division's fraud coordinator at (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 Form 8879 IRS e-file Signature Authorization OR Vermont Form 8879-VT-C, for three years from the due date or the filing date, whichever is later.
- Verify the routing number and bank account number if the taxpayer wishes to receive their refund through direct deposit.
- Verify the routing bank account number if the taxpayer wishes to pay their balance due through ACH debit.

## **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. Beginning in tax year 2022, Form 8879-VT-C is optional for tax professionals when IRS Form 8879 is completed. Form 8879-VT-C or IRS Form 8879 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 IRS e-file Signature Authorization OR 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 IRS e-file Signature Authorization OR 8879-VT-C which provides the business information in the paid preparer section.

## **SECTION 5 - Frequently Asked Questions**

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

No. The Vermont Department of Taxes does not require out-of-state EROs/Transmitters to register before transmission. However, the ERO/Transmitter is responsible for ensuring that the software used has been approved and certified by the Department and the IRS.

### **What do I keep on file for MeF electronically filed returns?**

You should keep a complete copy of the return including any supporting documentation and Form 8879 IRS e-file Signature Authorization OR 8879-VT-C, Vermont Corporate or Business Income Declaration for Electronic Filing

### **Do I send paper documentation to the Department for MeF returns?**

No. Please do not send any paper documentation to the Department unless requested to do so. You should keep copies of the returns and supporting documents on file.

### **Can I attach PDFs to the Vermont Department of Taxes for Fed/State E-File returns?**

Yes. There is no requirement to send additional information, however you may attach PDF files you deem necessary. Although there is no defined size limit, keeping attachments as small as possible will help ensure the successful transmission of returns.

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

Occasionally, the Department will request a source document to complete the examination of a return. The Department will make this request in writing.

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

All tax due to Vermont for tax year 2023 must be paid by April 15, 2024, to avoid interest and penalty charges.

**Please Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.**

#### **The tax due can be paid by:**

**ACH DEBIT** when filing through Vermont's MeF program. Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

**MyVTax** go to <http://mytax.vermont.gov> for further information and to access the system. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

**Check or Money Order** Taxpayers who wish to pay by check or money order should 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. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

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

First, check the acknowledgment system for the acceptance or rejection of the return. If the federal return is rejected, the Vermont return will not be transmitted to Vermont even if there are no errors on the Vermont return.

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

If the return is e-filed on or near 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 the paper filing of a 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 additional time for filing a paper return due to a rejected e-filed return.