



2011

Maryland Personal EMS e-File Test Package

*for Tax and Transmission Software Developers who
develop software for Maryland personal resident and
nonresident income tax returns using the Federal/State
EMS System*

October 2011

Revenue Administration Division
Annapolis, Maryland 21411

Peter Franchot, Comptroller

Maryland Electronic Filing Acceptance Testing Tax Year 2011

NEW FOR TAX YEAR 2011

- New Form 502B (Maryland Dependents Information Form)
- New Form 505SU (Maryland Nonresident Subtractions From Income) must be submitted with Form 505 only.
- New subtraction codes 'xa', 'xb', and 'ii' on Form 502 from 502SU
- Baltimore City local tax rate changed to .0320

IMPORTANT INFORMATION

Software Vendors may submit test returns until the IRS EMS system closes in October 2012. The Maryland e-File Help Desk will not assist with reject code analysis associated with testing for tax year 2011 or approve any vendor for tax year 2011 after May 31, 2012.

GENERAL INFORMATION

Testing prior to live processing for Software Developers ensures that transmissions can be made with the correct format and meet state electronic filing specifications; returns have few validations or math errors; required fields post to MD master file; and state acknowledgments can be successfully retrieved and processed.

Maryland will begin accepting electronic test returns in November 2011 in conjunction with Internal Revenue Service PATS testing.

Maryland will post acknowledgments to the Fed/State Acknowledgment System.

All dependents information removed from the generic record and is on the new Form 502B. The Dependents First Name, Dependents Last Name, Dependents SSN, and Dependent Regular (Is Dependent Under 19, The

Dependent has Medical Insurance, Dependent has No Medical Insurance – applied for Resident returns only) fields are required for the dependent exemption(s) to be allowed. Please use an Addendum form only to list dependents in excess of 20.

Maryland will accept Fed/State IRS imperfect returns and send acknowledgement to EROs (“E” – for accepted imperfect returns, “R” – for rejected imperfect returns).

Maryland personal individual income tax returns are due April 17th. If filing a return for a fiscal year, it is due on the 15th day of the fourth month following the close of the fiscal year. **If any due date falls on a Saturday, Sunday or legal holiday, the return is due the next business day.**

If payment is being made electronically, and the return is filed timely, payment is due **April 30th**. Payments by check or money order are due by **April 17th**, and electronic payments for returns filed after April 17th are due **immediately**.

Acknowledgments will be sent from the state in a 120 byte fixed format to the Fed/State Acknowledgment System for both testing and production. Any return that is rejected and retransmitted, must include code 247 in field 0735, 0740 or 0745 of the retransmitted Maryland Form 502 generic record, or in field 0905, 0910 or 0915 of the retransmitted Maryland Form 505 generic record.

The Maryland base returns Form 502 and Form 505 will be transmitted in the generic record. All other supporting forms will be transmitted in the unformatted record.

The IRS and Maryland will accept ITIN/SSN Mismatch Returns (returns filed with an ITIN – Individual Taxpayer Identification Number where the associated W-2 form shows wages reported under a valid social security number). However, a return filed with valid ITIN (the first digit is ‘9’, and the fourth and fifth digits are in range from ‘70’-‘88’, ‘90’-‘92’, or ‘94’- ‘99’) cannot claim EIC (earned income tax credit) or REIC (refundable earned income tax credit).

The returns transmitted for testing must always be identified with the social security numbers indicated for each test return in this package (**400-00-7200**)

through **400-00-7219**). For additional conditions during testing or during production test SSNs **400-00-7230** through **400-00-7299** should be used. Using the test SSNs associated with test scenarios in this package for conditions other than the PATS scenarios may result in rejects as we are looking for certain conditions and forms with the test SSNs in this test package.

The Maryland Software Identification Number (MSID) assigned to your software by the Maryland e-File office must be present in your test and production transmissions. New tax software companies must contact the Maryland e-File office at 410-260-7753 to obtain a MSID.

You may transmit test returns as many times as you wish using only the designated test social security numbers provided by Maryland. However, the ENTIRE set of test returns MUST BE SUBMITTED (in SSN sequence) as a batch and acknowledged as accepted before final software approval.

The following non-electronic documents must be submitted for approval, in addition to transmitting test returns:

1. EL101 - Maryland Income Tax Declaration for Electronic Filing and instructions.
2. EL102 - Income Tax Payment Voucher and instructions.
3. A copy of the acknowledgement received by you for your final test.
4. A copy of the Maryland PIN Disclosure Statement provided to taxpayers from your Online Software Product (Online Software Providers Only).

The above documents must be faxed to the attention of: **Mr. Jones at 410-974-2274.**

After you have transmitted the entire test package for supported forms error free in one batch transmission in SSN sequence and have submitted all required non-electronic documents for approval, contact the Maryland e-File Help Desk at 410-260-7753. **Do not transmit any production returns until you have received final approval.**

The State of Maryland reserves the right to suspend testing at any time for good cause. Reasons for suspension include lack of progress in testing, failure to comply with instructions and continued failure to meet state specifications and requirements. Such suspension would be subject to appeal in writing (See

instructions in 2011 MD Personal EMS e-File Handbook). You may report any problems to the Maryland e-File Help Desk at 410-260-7753.

SPECIAL NOTES

The following test scenarios were developed without benefit of **final** IRS forms. If you have problems developing any of the test returns using the information provided in the test scenarios, contact the Maryland e-File Help Desk.

The “*2011 Maryland Personal EMS e-File Handbook*” should be used for general system instructions. Also, refer to final file record layouts and error table provided to you in addition to the e-File Handbook to determine the data validations, error rejection codes and error descriptions.

WHO MUST TEST?

The Maryland e-File program requires **all tax software developers and transmission software developers** to successfully perform testing within this test package before being accepted as an electronic filer for tax year 2011. Filers are not required to test. External testing with software developers will coincide with IRS PATS testing scheduled to begin November 2011. Software companies must receive prior approval by contacting the Maryland e-File Help Desk at 410-260-7753 before submitting their first test return.

WHAT IS TESTED?

Personal State & Local Income Taxes for Full or Part -Year Maryland Residents – Return Type 502

For approval, your software must at minimum support Forms 502 and W-2. To accommodate the majority of filers you should also support part-year residency, direct deposit/direct debit for full or partial payments, and forms 502B, 502CR, 502SU, 588 and 1099G/MD.

We hope you will consider supporting our optional forms: 502INJ, 502UP, 500CR, 510 Schedule K-1, and Form Addendum.

This test package contains eight (8) Maryland Personal Resident return type 502s with a variety of attachments and schedules.

For Tax Software Developers and Transmission Software Developers, the eight (8) test returns must be submitted together and in SSN sequence.

If you plan to support any of our optional forms, several are included in Test #5, Test #6, and Test #8. For test approval, we will ignore any error code generated by our edit program due to a missing form on Test #5, 6, or 8 that is expected by the MD test system but you are not supporting.

If your company supports “State Only” filing, transmit Test #1 as a State Only filing.

Individual Income Taxes for Full or Part-Year Nonresident Individuals – Return Type 505

For approval, your software must at minimum support Forms 505 and W-2. To accommodate the majority of filers you should also support part-year residency, direct deposit/direct debit for full or partial payments, and forms 502B, 502CR, 505SU, 505NR, 588 and 1099G/MD.

We hope you will consider supporting our optional forms: 502INJ, 502UP, 500CR, 510 Schedule K-1, and Form Addendum.

This test package contains five (5) Maryland return type 505s with a variety of attachments and schedules.

For *Tax Software Developers and Transmission Software Developers*, the five (5) test returns must be submitted together and in SSN sequence.

If your company supports “State Only” filing, transmit Test #9 as a State Only filing.

Online Filing of Tax Returns

For online filing testing all test returns need to be submitted, even if your software has already been approved for Regular Fed/State filing. For Resident Online testing you will need to submit eight (8) returns and for Nonresident Online testing you will need to submit five (5) returns.

For test purposes the MDPIN numbers for ONLINE testing are:

SSN MDPIN (5 digit federal self selected number or KEEPEL101)

400-00-7200	KEEPEL101
400-00-7202	55555
400-00-7203	KEEPEL101
400-00-7204	55555
400-00-7206	55555
400-00-7207	55555
400-00-7209	KEEPEL101
400-00-7211	55555
400-00-7213	55555
400-00-7214	55555
400-00-7215	55555
400-00-7216	KEEPEL101
400-00-7218	KEEPEL101

ONLINE FILING CONSENT to DISCLOSURE and PERJURY STATEMENT

Taxpayers who file a Maryland e-File return using Online Tax Software (either packaged or available online) must be given the option of either signing their return electronically or on the paper Form EL101. To sign electronically, the taxpayer will use the same five digit self selected PIN used when they signed their Federal return. Online software must include the following statement and provide it to the online taxpayer upon completion of the Maryland return prior to electronic transmission:

Before electronically filing your return, you must read and agree to the Maryland “Tax Return Signature” presented below. This legal agreement allows the State of Maryland and “name of Software Company” to process your return electronically.

Under penalties of perjury, I declare that I have examined this return, including any accompanying statements and schedules and, to the best of my knowledge and belief, it is true, correct, and complete.

I consent to allow my Intermediate Service Provider, Transmitter, or Electronic Return Originator (ERO) to send my return to the state of Maryland and to receive the following information from the state of Maryland: 1.) acknowledgment of receipt or reason for rejection of transmission; 2.) refund offset; 3.) reason for any delay in processing or refund; and, 4.) date of any refund.

I am signing my Maryland Tax Return by entering the same five digit Self-Select PIN that I used for my federal return filing.

MARYLAND TEST SCENARIOS

Maryland Test Scenario # 1

SSN 400-00-7200

Captain America resided in Caroline County, MD. **Captain** files with a temporary assigned IP PIN (Identification Protection Tax Identification Number) as a dependent taxpayer under 65. **Captain** has income below the minimum filing requirement and is considered non-taxable for Maryland purposes. His W-2 indicates Maryland withholding.

Captain would like his refund direct deposited into his savings account.

Transmit a Form 502 and Form W-2.

Maryland Test Scenario # 2

400-00-7202

Harry Potter resided in Baltimore City, MD. **Harry** files as a single taxpayer under 65 and is entitled to earned income credit on his federal return. He is taking the standard deduction method. His net income is below Maryland's minimum filing requirement but is taxable because his gross business income is above the minimum filing requirement.

Harry had Maryland lottery winnings in 2011 and paid MD estimated payments during 2011. A portion of his overpayment should be applied to 2012 estimated tax and the remaining balance of his refund should be direct deposited into his checking account. Indicate his Federal Employer Identification Number on the 502B for self-employment income received.

Transmit a Form 502, Form 502B, and a Form W-2G.

Maryland Test Scenario # 3

400-00-7203

Green Lantern resided in Baltimore County, MD. He files as a widower with 4 dependents (3 dependent children under 19 years old – 2 with health care and 1 without health care and 1 other dependent). **Green** authorizes sharing his tax return information with the Medical Assistance program, so the checkbox is checked on his return. He files taking the standard deduction method.

Green was laid off his job for a short period of 2011 and received unemployment income. **Green** has Earned Income Tax Credit (state and local) and [Poverty Level Credit (state and local) or Refundable Earned Income Tax Credit]. His Federal Adjusted Gross Income is less than \$40,000.

Green will receive a refund.

Transmit a Form 502, Form 502B, Form W-2, and a Form 1099-G.

Maryland Test Scenario # 4

400-00-7204 and 900-94-7205

Gnomeo and Juliet Taxpayer resided in St. Mary's County, MD and file a joint return. **Juliet** has an ITIN (Individual Taxpayer Identification Number).

Gnomeo is a military MD resident with only military income. **Juliet** worked 2 jobs, both had MD withholding. They are taking the standard deduction method.

Their joint filing results in a balance due. They will submit a partial payment of their balance due by direct debit from their checking account on 04/17/2012.

Transmit a Form 502, and 3 Form W-2s.

Maryland Test Scenario # 5

400-00-7206

Judy Moody moved from Pennsylvania to Prince Georges County, MD during the tax year and is filing as a part-year resident. Both jobs withheld MD taxes. She files as Head of Household with 4 dependents.

Judy's Maryland AGI is greater than \$500,000. She is claiming the standard deduction method.

Judy's filing results in a balance due > \$500 which she is paying in full by direct debit from her savings account on 4/30/2012. Underpayment (UP) interest was developed.

Transmit a Form 502, 2 Form W-2s and a Form 502UP.

Maryland Test Scenario # 6

400-00-7207/400-00-7208

Gregory House resided in Anne Arundel County, MD. **Gregory** files as Married Filing Separately and is over 65. He has 2 dependents: his dependent child is under 19 years old and he has 1 other dependent, who also is over 65. He is taking the itemized deduction method.

Gregory worked 3 jobs. He claims Tax Credits for Income Taxes paid to two (2) other states.

Gregory requests his refund to be direct deposited into his savings account. Transmit a Maryland Form 502, 1 Form W-2, 1 Form 502B, 2 Form 502CRs, and a Form 510 Schedule K-1.

Maryland Test Scenario # 7

400-00-7209 and 400-00-7210

Johnny and Sandy English resided in Queen Anne's County, MD and file a joint return. **Johnny** is over 65 and retired with 1 1099R and 1 W-2. They are entitled to the maximum pension exclusion of \$26,300.

Sandy is under 65 and retired in July 2011 from the State of Maryland. **Sandy** has State Pickup Amount in Box 14 on her W-2. **Johnny and Sandy** are entitled to a state pickup addition modification and are claiming the 'xa', 'xb', and 'ii' subtraction modifications on Form 502SU. They are taking the standard deduction method.

Transmit a Form 502, Form 502SU, 2 Form W-2s, and 1 Form 1099-R.

Maryland Test Scenario # 8

400-00-7211 and 400-00-7212

Monte and Carla Cristo resided in Montgomery County, MD and files a joint return with 5 dependents.

Their Maryland Taxable income exceeds \$500,000. **Monte** is under 40 years old and is claiming a Long-Term Care Insurance Credit for himself on the 502CR. Monte and Carla are claiming a tax credit on Form 500CR, Part V. They both have W-2s with MD withholding. **Monte** is an injured spouse and they file a 502INJ.

They are taking the standard deduction method.

They request their refund to be direct deposited to their checking account. Transmit a Form 502, 1 Form 502B, 2 Form W-2s, 1 Form 502INJ, 1 Form 502CR, and 1 Form 500CR.

Maryland Test Scenario # 9

400-00-7213

Alice N. Wonderland resided in New York all year. She files as Head of Household and has dependent children.

Alice has a Maryland W-2 which contains State Pickup amount in Box 14. Her AGI Factor is greater than .000000 and less than 1.00000.

She is claiming the standard deduction method. She has 4 subtraction codes on Form 505SU (xa, xb, ii and 1 other code).

She is claiming Earned Income Credit (state and local) and Refundable Earned Income Credit or Poverty Level Credit (state and local).

Alice will receive a refund.

Transmit a Form 505, Form 505NR, Form W2, Form 502B, and a Form 505SU.

Maryland Test Scenario # 10

400-00-7214

Larry Crowne resided in New Jersey and his filing status is Single. **Larry** worked in New Jersey, but had Maryland withholding in error, therefore the checkbox is checked.

Larry's AGI factor is .000000. There is no tax liability to State of MD, so no Form 505NR is needed. **Larry** is entitled to a full refund of the Maryland taxes withheld. He requests his refund be direct deposited into his checking account.

Transmit a Form 505 and Form W-2.

Maryland Test Scenario # 11

400-00-7215

Casino Jack is a Delaware resident who worked in Ocean City, MD during the summer. **Casino** is filing Head of Household and is over 65 years old. His Maryland income is below the Maryland filing requirement. He has Maryland withholding on his W2. His AGI factor is 1.00000. He expects a full refund of the Maryland withholding.

Transmit a Form 505 and Form W-2.

Maryland Test Scenario # 12

400-00-7216

Green Hornet resided in Minnesota all year and files as a Widower.

Green's net income is below Maryland filing requirements, but his income is taxable because his business **gross** income is above the Maryland filing requirement. He has Maryland additions to income. His AGI Factor is 1.00000.

His filing results in a balance due which he will pay by direct debit from his checking account on 04/30/12.

Green is claiming the standard deduction method.

Transmit a Form 505 and Form 505NR.

Maryland Test Scenario # 13

400-00-7218 and 400-00-7219

Harriet and Kumar Christmas resided in Colorado and they file a joint return. **Harriet** has wage income in Colorado. In column 3, they have some non-Maryland income, non-Maryland losses on lines 6 and 10 and on line 16 an adjustment to income from their federal return. **Kumar** is a PTE member and had non-resident taxes paid on her behalf, which is shown on line 46.

Harriet and Kumar are claiming the itemized deduction method.

Transmit a Maryland Form 505, Form 505NR, Form W-2, and Form 510 Schedule K-1.