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2007 Corporate/PTE e-File Test Package

For Tax and Transmission Software Developers

**Federal/State Regular and Online Systems
For Corporation, Partnership & Pass-Through Entity
Tax Return Filing**

Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411

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Maryland Electronic Filing Acceptance Testing Tax Year 2007

GENERAL INFORMATION

This publication describes the Maryland State Acceptance Testing System procedures for software developers participating in the Maryland Fed/State 1120/1065 e-File Program using version MD2007v1.0 and currently accepted schema versions.

WHO MUST TEST

All tax software developers and transmission software developers participating in the Maryland Fed/State 1120/1065 e-File Program must test.

Fed/State transmitters and filers are not required to test.

Testing is performed to ensure that the software adheres to Maryland business rules and to ensure successful transmission and receipt of acknowledgements.

Software companies must call the Maryland Electronic Filing Unit Help Desk at 410-260-7753 prior to submitting their first test for approval to proceed.

WHEN TO TEST

Maryland testing is tentatively scheduled to begin on November 1, 2007 for tax year 2007, but is subject to IRS system availability and is subject to change. Software Developers may submit tax year 2007 test returns through 2008, until the IRS MeF test system shuts down, however, **the Maryland e-File help desk will not assist with the reject code analysis associated with testing or approve any developer after August 31, 2008 for tax year 2007.** After August 31, 2008 all help desk resources will be dedicated to program modification and testing for tax year 2008 programs.

WHAT IS TESTED

The corporate e-File test package will consist of documentation of any special test conditions as well as copies of the state test returns, and will be made available to all Software Developers indicating the desire to support Maryland corporate e-File.

For approval, your software must at a minimum support: Form 500, Form 500CR, Form 500DM Form 500UP and Form 510. We hope that you will consider supporting our optional forms as well: Form 500D, Form 500E, Form 510D, Form 510E and Form 502H.

This test package contains Seven (8) Maryland Corporation returns with a variety of attachments and schedules.

If your company is only supporting the minimum forms required, do not send Forms 500D, 500E, 510D, 510E or 502H.

For test approval we will ignore any error code generated due to missing forms that our validation program generates and adjust the base for (500, 510) accordingly.

Software Developers should contact the Maryland Business Help Desk prior to testing and again after they have successfully tested and retrieved their final acknowledgement.

TRANSMITTING TEST FILES

Returns must be transmitted through the IRS MeF system for federal and state return processing. Both Fed/State returns and State Only returns can be submitted through the Fed/State system, both requiring federal return attachments as required. Each return (Fed/State or State Only) must be in a separate submission. Multiple submissions may be contained in a single message payload.

TEST ACKNOWLEDGMENT

Maryland will post acknowledgments to the MeF Fed/State Acknowledgement System and will follow the IRS acknowledgment schema for both testing and production. Maryland acknowledgments can include up to 100 detail messages.

MARYLAND SCHEMA AND FORMS SUPPORTED

Software Developers will use the Fed/State 1120/1065 category based schema which has been developed by states in partnership with the IRS and Software Developers, as well as the Maryland schema/spreadsheet.

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

Maryland's State Specific schema supports the forms listed below. Software Developers are not required to support all of the forms that Maryland accepts electronically. Any form with an asterisk (*) is considered optional at the discretion of the Developer.

Maryland Form 500 – Corporation Income Tax Return

Maryland Form 500D - *Corporation Declaration of Estimated Income Tax*

Maryland Form 500E - *Application for Extension to File Corporation Income Tax Return*

Maryland Form 500CR – Business Tax Credits

Maryland Form 500DM – Maryland Decoupling Modification

Maryland Form 500UP – Underpayment of Estimated Income Tax by Corporations and PTEs

Maryland Form 510 – Pass-Through Entity Tax Return

Maryland Form 510D - *Pass-Through Entity Estimated Tax*

Maryland Form 510E - *Application for Extension to File PTE Income Tax Return*

Maryland Form 502H - *Maryland Deduction for Preservation of Historical Property*

PDF FORMS AND DOCUMENTS

Additional documents that corporate e-File software **must** produce:

- Maryland Form EL101B – Signature Document
- Maryland Form EL102B – Payment Voucher for filers with a balance due.

Maryland requires that certifications, supporting and **signature documents** be transmitted to Maryland electronic filing as a PDF document. Please use the following naming conventions.

<u>Form</u>	<u>Line</u>	<u>PDF Reference Name</u>
Form 500	2a	StateLocalIncomeTaxSched.pdf
	2b	IntAndDivSched.pdf
	2c	NOLModSched.pdf
	2f	OtherAddtnSched.pdf

	4e (code E)	ConservTillgeEquipCert.pdf
	4e (code H)	ManureSpreadEquipCert.pdf
	4e	OtherSubtrSched.pdf
	10f	NonResTaxSchedK1.pdf
Form500CR		CreditRecvFrPTESched.pdf
	Part D	CreditJobCreation.pdf
	Part E	CreditCommInvest.pdf
	Part H	CreditWaterQualImprov.pdf
	Part K	CreditResearchDevelop.pdf
	Part N	CreditCleanEnergy.pdf
	Part O	CreditMDMinedCoal.pdf
	Part P	CreditMDEconDev.pdf
	Part P	CreditFinalCert.pdf
	Part Q	CreditGreenBldg.pdf
Form 510		DistCashFlowLimitWksheet.pdf
	3a	NonMDIncWrksht.pdf
	16c	NonResTaxSchedK1.pdf
Form 510SchedA	1a, g	OtherIncomeSched.pdf
	2e	TangibleAssetsSched.pdf
Form 502H		EntitySched.pdf
		ApprvdHeritagePresrvCertApp.pdf
Form EL101B		MDEL101B.pdf
Additional Preparer Information		AdditionalPreparerInfo.pdf

SOFTWARE DEVELOPER RESPONSIBILITIES

If the Software Developer is not acting as the ERO, the Software Developer is responsible for providing acknowledgements to the ERO within two days after receipt of acknowledgement. Failure to do so could lead to suspension from the Maryland Program.

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

APPROVAL OF e-FILE SOFTWARE

To receive final approval, the Software Developer must transmit **all** of the test returns, in one single transmission, without any error. The Software Developer then must send to Maryland, a copy of the acknowledgment that they received indicating that the state test return package was accepted by the State, and a copy of Maryland Forms EL101 and EL102 that their software will produce. A Software Developer who successfully completes the state testing process will receive a written verification upon completion of testing.

The returns transmitted for testing must always be identified with the test FEIN and the Maryland SoftwareID indicated for each test return in this package. If you wish to test your software for additional conditions during testing or during production you can do so – but you must use test FEINs. Using the test FEINs associated with test scenarios in this package for conditions **other than** the scenarios could result in rejects as we are looking for certain conditions/forms with the test FEINs in the test package. If you wish to test your software for additional conditions please use FEINs 11-0000015 through 11-0000050.

The Maryland 1120/1065 Software ID assigned to your software by the State e-File Office and the Software Developer EFIN assigned by the IRS must be present in your test transmission as well as in live production.

New tax software companies **must** contact the Maryland e-File Helpdesk at 410-260-7753 to obtain an 1120/1065 software identification number. Refer to Maryland Schema Reference Number 9004.

You may transmit test returns as many times as you wish as long as you use the designated test FEIN numbers provided by Maryland.

When you have transmitted the entire test package error-free, please contact the Maryland Electronic Filing Unit Help Desk at 410-260-7753. Do not transmit any live returns until you have received receipt of final approval.

At the same time the software is submitted for approval the following non-electronic documents must be submitted for approval:

- EL102B Income Tax Payment Voucher and instructions.
- A copy of the acknowledgement received by you for your final error free test file.

The above documents must be faxed to 410-974-2274.

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.

Problems can be brought to the attention of the Maryland Electronic Filing Help Desk at 410-260-7753.

SPECIAL NOTES

The following test scenarios were developed without benefit of **final** IRS forms. If you have any trouble developing the test returns using the information provided in the test scenarios, please contact the Maryland Electronic Filing Help Desk.

The “*Maryland Corporate e-File Handbook*” should be used for general system instructions. Also refer to current release of Maryland schema, validations and data elements available at **www.marylandtaxes.com**

MARYLAND TEST SCENARIOS

Maryland Test Scenario # 1

FEIN 11-0000061

Curl Up & Dye Hair Salon Inc is filing a Maryland Corporation return Form 500. The taxable income is based on an 1120-REIT. The Maryland modified income is fully taxable (apportionment factor = 100 percent) which is explained on Schedule A. There is a Biotechnology Investment Tax Credit using Part L of the 500CR. There is a Heritage Structure Rehabilitation Credit using Form 502H. The return results in an overpayment to be applied to the following year's estimated tax. An estimated tax payment is made for TY2008 with Form 500D. An extension is filed with 500E.

Forms to include with this return:

Form 500E
Form 500
Form 502H
Form 500CR
Form 500D
Form 1120

For purpose of this test, the Form 500E, Form 500 and Form 500D can all be filed simultaneously, even though this would not be the norm in a production environment.

Maryland Test Scenario # 2

FEIN 11-0000062

Dirty Dogs Done Dirt Cheap Mobile Grooming Service (parent company) & Subsidiaries is filing as consolidated for federal purposes and filing a separate return, Form 500 for Maryland purposes. The Maryland apportionment factor is .300000. The return results in a balance due which includes interest and/or penalty from underpayment of estimated Maryland income tax, Form 500UP.

Forms for this return include:

- Form 500UP
- Form 1120 (the actual consolidated federal return)

Columnar schedules of income and expense and of balance sheet items, reconciling the separate items of each member corporation to the consolidated totals (PDF document)

Maryland Test Scenario # 3

FEIN 11-0000063

Forty Winks Bedding is filing a Maryland corporate return, Form 500, which indicates a negative taxable income. There is an addition modification on line 2f for dividends paid by a captive REIT. There is a subtraction on line 4e for Decoupling Modification using DM in the code box.

Forms for this return include:

- Form 500
- Form 500DM
- Form 1120

Maryland Test Scenario # 4

FEIN 11-0000064

Leaven on Earth Bakery is an S Corporation filing a Maryland Pass Through Entity return, Form 510 with only resident individual members. The return results in an overpayment which will be refunded into the checking account via direct deposit.

Forms for this return include:

- Form 510
- Form 1120S

Maryland Test Scenario # 5

FEIN 11-0000065

Cyclepath Bike Shop is an S Corporation filing a Maryland Form 510. There are two nonresident members both with negative distributive share of income. There is no refund or balance due.

- Form 510 (include schedule B)
- Form 1120S

Maryland Test Scenario # 6

FEIN 11-0000066

Salt & Battery Fish & Chips is filing a Maryland application for extension of time to file their state return, Form 510E with payment of tax via direct debit.

Salt & Battery Fish & Chips is an S corporation filing Maryland Form 510 with one nonresident individual member and one nonresident entity member as indicated on lines 1b and 1c. The return results in a balance due of tax plus interest and penalty from Form 500UP. An estimated payment for TY2008 will be filed using Form 510D.

Forms for this return include:

- Form 510E
- Form 510 (includes schedule B)
- Form 500UP
- Form 510D
- Form 1120S

For purpose of this test, the Form 510E, Form 510 and Form 510D can all be filed simultaneously, even though this would not be the norm in a production environment.

Maryland Test Scenario # 7

FEIN 11-0000067

Little Goody New Shoes is an S Corporation filing a Maryland Pass-Through Entity return, Form 510. This is the first time filing for this entity. There are two individual nonresident members. The apportionment factor is 100 percent. The return will result in a balance due which will be paid via direct debit. An estimated payment for TY2008 will be filed using Form 510D.

Forms for this return include:

- Form 510 (includes Schedule B)
- Form 510D
- Form 1120S

Maryland Test Scenario #8

FEIN 11-0000068

Lettuce Entertain You Dinner Theater is a Partnership filing a Maryland Pass Through Entity return, Form 510. There are nonresident individual members and nonresident entity members. There is a Job Creation Tax Credit (Form 500CR Part D). The return results in a balance due.

Forms for this return include:

- Form 510
- Form 500CR
- Form 1065