



# **2011 Maryland Personal MeF 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  
MeF System*

**October 2011**

Revenue Administration Division  
Annapolis, MD 21411-0001

**Peter Franchot, Comptroller**

# **Maryland MeF Electronic Filing Acceptance Testing Tax Year 2011**

## **WHAT IS MODERNIZED E-FILE (MeF)?**

The Modernized e-File (MeF) system replaces the current Federal/State tax return filing technology with a modernized, internet-based electronic filing platform. MeF uses the widely accepted Extensible Markup Language (XML) format. This industry standard is used when identifying, storing and transmitting data rather than the proprietary data transmission formats used by the older Legacy e-File process.

### **Benefits of MeF e-File**

MeF will deliver significant value and benefits to tax preparers.

Returns filed through MeF can be submitted to IRS year round except for a short cutover period at the end of the calendar year. Transmissions are processed upon receipt and acknowledgments are generated and returned in near real-time 24 hours a day/7 days a week. Error messages in the Acknowledgement File pinpoint the location of the error within the return and provide complete information.

Supporting documents may be scanned and transmitted with the electronic return.

### **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
- Mandatory requirement to register with Department of Labor, Licensing and Regulation
- Baltimore City local tax rate changed to .0320

## Contact Information for Maryland e-File Help Desk

Comptroller of Maryland website

[www.marylandtaxes.com](http://www.marylandtaxes.com)

e-File Help Desk email

[efil@comp.state.md.us](mailto:efil@comp.state.md.us)

e-File Help Desk telephone number

410-260-7753

e-File Help Desk fax number

410-974-2274

### WHICH PERSONAL TAX FORMS WILL MeF SUPPORT FOR TAX YEAR 2011?

502	502SU	502CR	502INJ
W-2	1099R	1099G	502UP
505	505NR	510 SCH K1	588
505SU	500CR	502D	502E
W2G	502B	500DM	502H

### GENERAL INFORMATION

Maryland personal resident and nonresident individual income tax returns are due April 17<sup>th</sup>. If filing a return for a fiscal year, it is due on the 15<sup>th</sup> 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 30<sup>th</sup>**. Payments by check or money order are due by **April 17<sup>th</sup>**, and electronic payments for returns filed after April 17<sup>th</sup> are due **immediately**.

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 Maryland master file; and state acknowledgments can be successfully retrieved and processed.

Maryland will begin accepting electronic test returns in November 2011, but is subject to IRS availability and is subject to change. Software developers may submit test returns through 2012, until the IRS MeF system shuts down.

All dependent information is to be included on Form 502B. The Dependents First Name, Dependents Last Name, Dependents SSN, Dependent Regular (Is Dependent Under 19, The Dependent has Medical Insurance and Dependent has No Medical Insurance – applies for Resident returns only) fields are required for the dependent exemption(s) to be allowed.

If a Maryland return rejects due to an error you will receive an acknowledgement from Maryland with an error description(s). The acknowledgement will contain codes and error descriptions indicating the cause of the rejection. The error condition must be corrected (see 2011 Maryland EMS Error Table) and the return re-transmitted. Any return that is rejected and re-transmitted must include code 247.

Acknowledgments will be sent to the Fed/State Acknowledgment System for both testing and production.

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 ATS 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 Help Desk must be present in your test and production transmissions. Software companies new to the MeF process must contact the e-File Help Desk 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 at the same time and acknowledged as accepted before final software approval.

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

1. EL101 - Maryland Income Tax Declaration for Electronic Filing.
2. EL102 - Income Tax Payment Voucher if not paying by direct debit.
3. A copy of the acknowledgement received 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 paper documents must be faxed to the attention of: **Mr. Jones at 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 in writing (See instructions in 2011 Maryland Personal MeF e-File Handbook). You may report any problems to the e-File Help Desk.

After you have transmitted the entire test package for supported form(s) error free and have submitted all required documents for approval, contact the e-File Help Desk. **Do not transmit any production returns until you have received final approval.**

## 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 MeF 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** to perform successful testing within this test package before being accepted as an MeF e-Filer for tax year 2011 which begins in January 2012. External testing with software developers will coincide with IRS ATS testing. Software companies must receive prior approval before submitting their first test returns by contacting the Maryland e-File Help Desk by either telephone at 410-260-7753 or email at [efil@comp.state.md.us](mailto:efil@comp.state.md.us).

## WHAT IS TESTED?

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

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 and W2G.

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

This test package contains eight (8) Maryland Resident Personal (502) returns with a variety of attachments and schedules. In addition, there are two (2) 502D Personal Declaration of Estimated Income Tax and two (2) 502E Application for Extension to File Personal Income Tax.

***Tax Software Developers***, the eight (8) test returns must be submitted together in one batch.

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”/”Unlinked” filing, transmit Test #1 as a State Only filing.

### **Return Type 505-Maryland Non-Resident Personal Income Taxes for Full or Part-Year Individuals**

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 Non-Resident Personal (505) returns with a variety of attachments and schedules.

***Tax Software Developers*** the five (5) test returns must be submitted together in one batch.

If your company supports “State Only”/”Unlinked” 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. If you support Forms 502D and Form 502E send two (2) of each of these also.

### 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.***

## WHEN TO TEST?

A tax software developer ready to begin testing must call the eFile Help Desk at 410-260-7753. The eFile Help Desk will assist with all preparations necessary to begin testing.

## MARYLAND TEST SCENARIOS

### 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.

### Test Scenario # 2

**SSN 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 for this income 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 Form W-2G.

### **Test Scenario # 3**

**SSN 400-00-7203**

**Green Lantern** resided in Baltimore County, MD. He files as a Qualifying 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 be entitled to receive a refund.

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

### **Test Scenario # 4**

**SSN 400-00-7204 and ITIN 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 and both withheld MD taxes. 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-2's.

### **Test Scenario # 5**

**SSN 400-00-7206**

**Judy Moody** moved from Pennsylvania to Prince Georges County, MD during 2011 and is filing a part-year resident return. Both of Judy's employers withheld Maryland taxes. She files 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, Form 502B, 2 Form W-2's and Form 502UP.

### **Test Scenario # 6**

**SSNs 400-00-7207 and 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.

He is taking a tax credit on 502H for completing a rehabilitation project in 2011. He is also taking a tax credit on 502S for a project completed in 2011. The application for this project was submitted after June 1, 2010.

**Gregory** was employed with 3 employers. 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, Form W-2, Form 502B, Form 502CR, and Form 510 Schedule K-1.

### **Test Scenario # 7**

**SSNs 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 a 1099R and W-2. They both 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 of 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-2's and Form 1099-R.

### **Test Scenario # 8**

**SSNs 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, Form 502B, 2 Form W-2's, Form 502INJ, Form 502CR and Form 500CR.

### **Test Scenario # 9**

**SSN 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 taking 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 be entitled to a refund.

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

#### **Test Scenario # 11**

##### **SSN 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.

#### **Test Scenario # 12**

##### **SSNs 400-00-7216**

**Green Hornet** resided in Minnesota all year and is filing as a Qualifying widow(er) with dependent child.

**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 Form 505, Form 505NR and Form 502B.

### **Test Scenario # 13**

**SSNs 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 his behalf, which is shown on line 46.

**Harriet and Kumar** are taking the itemized deduction method.

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

### **Test Scenario #14**

**SSN 400-00-7202**

**Captain America** is submitting a TY2011 estimated payment using Form 502D -Maryland Personal Declaration of Estimated Income Tax.

Transmit (1) Form 502D with a debit request.

### **Test Scenario #15**

**SSNs 400-00-7211 and 400-00-7212**

**Monte and Carla Cristo** Falls are submitting a TY2011 estimated payment using Form 502D - Maryland Personal Declaration of Estimated Income Tax.

Transmit (1) Form 502D with a debit request.

**Test Scenario #16**

**SSN 400-00-7206**

**Judy Moody** is submitting a request for extension to file on Form 502E - Maryland Application for Extension to File Personal Income Tax Return.

Transmit (1) Form 502E.

**Test Scenario #17**

**SSNs 400-00-7209 and 400-00-7210**

**Johnny and Sandy English** are submitting a request for extension to file with a payment on Form 502E - Maryland Application for Extension to File Personal Income Tax Return.

Transmit (1) Form 502E with debit request.