

**2
0
0
3**

**T
A
X
A
B
L
E**

**Y
E
A
R**

Connecticut

Department of Revenue Services
25 Sigourney Street
Hartford CT 06106



Federal/State Electronic Filing Handbook

Informational Publication 2003(22)
Issued: 10/03



Table of Contents

I.	Introduction	4
II.	e-file Highlights	4
III.	Contact Names and Telephone Numbers	5
IV.	Federal/State <i>e-file</i> Program	6
	How the Federal/State <i>e-file</i> Program Works	6
	Who May Participate.....	6
	Application and Acceptance Process	7
	Connecticut Testing	8
	Publications	8
V.	Filing Process	9
	What Can Be Electronically Transmitted.....	9
	What Cannot Be Electronically Transmitted	9
	Form CT-8453 Instructions.....	9
	Attachments to Form CT-8453	11
	Corrections to Form CT-8453	12
	Transmission Process	12
	Connecticut State Acknowledgment.....	12
VI.	Error Resolution.....	15
VII.	Refund Returns.....	15
VIII.	Balance Due Returns.....	16
	Making Payments for Balance Due Returns.....	16
IX.	Responsibilities of EROs and Transmitters	17
X.	Reminders	19
XI.	<i>e-file</i> Checklist	20
XII.	Appendix.....	20

Calendar

For Taxable Period January 1, 2003, through December 31, 2003

Begin IRS/State Acceptance Testing-----	November 4, 2003
Begin transmitting returns to IRS/DRS.....	January 16, 2004
Last date for timely filed returns.....	April 15, 2004
Last date for re-transmitting rejected timely filed returns.....	April 20, 2004
Last date for extended filing of state returns	October 15, 2004
Last date for re-transmitting rejected extended returns -----	October 20, 2004

I. Introduction

January 2004 begins the ninth year of the Connecticut Federal/State Electronic Filing (*e-file*) Program. In coordination with the Internal Revenue Service (IRS), the Connecticut Department of Revenue Services (DRS) offers Connecticut taxpayers the opportunity to file their Connecticut individual income tax returns electronically through a participating tax preparer or transmitter as part of the *e-file* Program.

Informational Publication 2003(22), *Connecticut Federal/State Electronic Filing Handbook*, (*Connecticut Handbook*), is a companion to the IRS Publication 1345. Since most functions of the Connecticut *e-file* Program are the same as the Federal *e-file* Program, this handbook highlights the special and unique features of the Connecticut program. All rules and regulations published by the IRS governing tax preparers, transmitters, and originators of returns are in effect for Connecticut. The procedures and requirements for the *e-file* Program are outlined in IRS Publication 3112.

DRS requires all participants be accepted into the Federal *e-file* Program to participate in the Connecticut *e-file* Program. DRS recommends all participants study IRS Publication 1345 before reading this publication. The detailed instructions on hardware, transmission procedures, and policies provided by the IRS apply to the Connecticut *e-file* Program.

II. e-file Highlights

- **New for 2003:** Connecticut now accepts returns with **Form CT-6251**, *Connecticut Alternative Minimum Tax — Individuals*, attached.
- For taxable years beginning on or after January 1, 2003, any taxpayer who has requested an extension of time to file for federal income tax purposes and has paid all Connecticut income tax due on or before April 15, 2004, is not required to file **Form CT-1040EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for Individuals*.
- DRS supports the electronic filing of **Form CT-1040NR/PY**, *Connecticut Nonresident or Part-Year Resident Income Tax Return*. Now, regardless of which tax return you file, you should be able to *e-file* your return with DRS.
- State Only Returns. Once a federal return is accepted, DRS allows State Only returns to be transmitted through the *e-file* Program. (Check with your software provider for details.)
- DRS accepts an approved IRS 5-digit self-selected PIN as the electronic signature on the Connecticut tax return. The electronic signature eliminates the need for **Form CT-8453**. (See Page 9 for details.)
- Electronic Return Originators (EROs) are no longer required to mail **Form CT-8453** to DRS. EROs must maintain the completed **Form CT-8453** with all attachments for three years.
- Direct Payment option. Taxpayers may pay the amount they owe electronically at the time of filing. (See page 16 for details.)
- There are now two e-file contacts at DRS. Jason Purslow is the e-commerce Unit Supervisor and Jim Annino is the e-file Coordinator.

III. Contact Names and Telephone Numbers

State of Connecticut *e-file* Help Desk

DRS operates a Help Desk for electronic transmitters and preparers who experience problems. The Help Desk is *exclusively* for electronic transmitters and preparers; these numbers should **not** be provided to taxpayers.

For questions and comments about Connecticut's *e-file* Program, contact Jim Annino, *e-file* Coordinator, at **860-297-4713**, by e-mail at **jim.annino@po.state.ct.us**, or by fax at **860-297-4761**. You may also contact Jason Purslow, e-commerce Unit Supervisor, at **860-297-5979**, or by e-mail at **jason.purslow@po.state.ct.us**

For questions about the processing of **Form CT-8453**, *Income Tax Declaration for Electronic Filing by Individuals*, call **860-297-4713** or fax: 860-297-4761.

For any additional information, visit the DRS Web site at **www.ct.gov/DRS**

IRS *e-file* Help Desk

Connecticut/Rhode Island District Office

For questions or comments about the IRS *e-file* program, call **860-756-4617** and speak to the Electronic Tax Administrator.

IRS Web site: **www.irs.gov**

Tax Assistance for Taxpayers

The DRS Refund Information Line provides taxpayers with information about their refunds. The Refund Information Line is available anytime from a touch-tone phone. Advise taxpayers to confirm acknowledgment of their *e-file* return with their practitioner or transmitter **before** calling to check on the status of their refund.

For automated refund information, please call CONN-TAX:

800-382-9463 (in-state)
860-297-5962 (from anywhere)

To obtain refund status information, taxpayers must know:

- Their Social Security Number; and
- The amount of the refund (dollars and cents)

Taxpayers should allow three weeks for processing of an *e-file* return before calling the automated refund line to inquire about the status of a refund check.

IV. Federal/State *e-file* Program

In 1994, DRS joined the IRS in the joint Federal/State *e-file* Program. Taxable year 1994 was a pilot program year for DRS for the transmission of both federal and state data electronically. Our pilot year proved to be successful, with over 1,600 returns transmitted by participants to DRS and the IRS.

DRS offered the *e-file* Program statewide beginning with the 1995 taxable year. Connecticut processed over 17,000 returns that year. Our first year was very challenging, but overall proved to be a tremendous learning experience.

Connecticut's *e-file* Program has continued to grow and has become one of our most successful programs. Continued participation by our ERO and practitioner community helped DRS pass its goal of receiving over 400,000 returns for taxable year 2002. While the program has expanded rapidly, we feel by continuing to offer a quality product, our program will continue the tremendous growth it has seen in the last eight years.

How the Federal/State *e-file* Program Works

DRS allows tax preparers and transmitters accepted in the IRS *e-file* Program to participate in the Connecticut *e-file* Program. Our joint program works best when you file your federal and Connecticut income tax returns together in one transmission. However, in the event the federal return has been accepted and the Connecticut return has not been accepted, you may be able to send a State Only Return through the *e-file* Program for processing. Returns are transmitted directly to the IRS using approved software. The IRS, after acknowledging acceptance of the federal return and receipt of the Connecticut return, makes the state return available for retrieval by DRS. After the Connecticut return has been retrieved, DRS will then process the information received.

DRS will acknowledge, to the transmitter, receipt of all returns retrieved from the IRS. Transmitters may retrieve the Connecticut acknowledgments within two days from the time acknowledgments are received from the IRS.

Note: Electronic filing is a computer and data processing service subject to Connecticut sales tax. (Effective July 1, 2002, these services are taxed at 1% (.01).) Therefore, if you charge a separate fee for the electronic filing of a return, you must register with DRS and charge the appropriate sales tax.

Who May Participate

Federal/State *e-file* for Connecticut returns is available to all participants who have been accepted in the Federal *e-file* Program and transmit returns to the IRS. The application process for the *e-file* Program is outlined below.

Application and Acceptance Process

Application Process

To participate in the joint *e-file* Program, participants must submit federal Form 8633, Application to Participate in the *e-file* Program, to the IRS.

No additional application form is necessary for DRS. However, if you are new to Connecticut electronic filing and your address is not in Connecticut, please notify us of your intent to send Connecticut electronic returns before your first transmission. Send a copy of federal Form 8633 and the IRS acceptance letter to:

Department of Revenue Services
Jim Annino, *e-file* Coordinator
PO Box 2964
Hartford CT 06104-2964

or fax your information to DRS at **860-297-4761**.

Federal Form 8633 and the **IRS acceptance letter** are required only once, but **must** be received before returns are transmitted. Please provide DRS with any changes to this information.

IRS Publication 1345 specifies the application process and requirements for federal participation. The IRS definition of the categories of electronic filers (ERO, transmitter, or software developer) apply for Connecticut electronic filing purposes under the *e-file* Program.

Acceptance Process

DRS recognizes the federal acceptance process. Acceptance into the federal *e-file* Program allows an ERO, transmitter, or preparer automatic acceptance into the Connecticut *e-file* Program. However, DRS will conduct suitability checks on all applicants for the *e-file* Program and will notify any applicant who is not eligible to participate.

Applicants must:

- Have timely and accurately filed all applicable State of Connecticut personal and business tax returns;
- Have no current tax delinquency with DRS (although DRS may conditionally accept applicants with outstanding tax liabilities if they file or pay the taxes in question before filing electronic returns); **and**
- Not have been suspended or rejected from the program in a prior year. Suspension or rejection is permanent until corrective action is taken and reinstatement is approved by the IRS and DRS.

The IRS assigns the EFIN and ETIN. DRS uses the same EFIN and ETIN as the IRS in the *e-file* Program.

The EFIN and ETIN are used in the acknowledgment system to identify preparers and transmitters.

Connecticut Testing

Preparers, EROs, and transmitters **are not required** to participate in the Connecticut Software Testing Program.

Software developers **are required** to pass Connecticut testing before releasing their software. Preparers, EROs, and transmitters may contact DRS to verify a software company has passed Connecticut testing, or check the DRS Web site for approved software developers at www.ct.gov/DRS

Publications

The following publications describe the process of the *e-file* Program:

IRS Publications

Publication 1345, Handbook for Electronic Return Originators of Individual Income Tax Returns

Publication 1345A, Filing Season Supplement for Electronic Return Originators

Publication 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns

Publication 1436, Test Package for Electronic Filing of Individual Income Tax Returns

Publication 3112, The IRS *e-file* Application Package

Publication 1545, The Electronic Filing Logo Guideline for Effective Use

DRS Publications

Informational Publication 2003(22), *Connecticut Federal/State Electronic Filing Handbook*

Connecticut Electronic Filing Information for Software Developers

Connecticut Electronic Filing Test Package

V. Filing Process

What Can Be Electronically Transmitted

The Connecticut portion of an electronic return consists of data transmitted electronically and supporting paper documents. In total, an electronic return contains the same information as a comparable return filed entirely on paper.

The following forms and schedules may be transmitted electronically:

- **Form CT-1040EZ**, *Connecticut Resident EZ Income Tax Return*
- **Form CT-1040**, *Connecticut Resident Income Tax Return*
- **Form CT-1040NR/PY**, *Connecticut Nonresident or Part-year resident Tax Return*

Notes:

- Supporting federal return and schedules are required for all electronically filed returns.
- You can now transmit returns that are subject to the Connecticut alternative minimum tax with **Form CT-6251**, *Connecticut Alternative Minimum Tax Return — Individuals*, attached.
- **Form CT-1040EZ** may be transmitted electronically only if it is in the same format as **Form CT-1040**.

What Cannot Be Electronically Transmitted

In addition to the tax returns listed in IRS Publication 1345 as excluded from the *e-file* Program for the 2003 taxable year, the following documents and forms are **not accepted** for Connecticut electronic filing for the 2003 taxable year.

- **Form CT-1040X**, *Amended Connecticut Income Tax Return For Individuals*;
- Prior year returns - any return not for taxable year 2003;
- Non-calendar year returns;
- Corrected returns;
- **Form W-2**, *Wage and Tax Statement*, with the state employer identification number missing;
- Returns on which the filing status on the Connecticut return does not match the filing status on the federal return;
- Returns on which the federal adjusted gross income (AGI) reported on the Connecticut return does not match the AGI reported on the federal return;
- Returns accompanied by **Form CT-8379**, *Nonobligated Spouse Claim*; or
- Returns accompanied by **Form CT-1040CRC**, *Claim of Right Credit*.

Form CT-8453 Instructions

For taxable year 2001, DRS instituted a major change in the signature process. If the taxpayer elects to use the IRS self-select PIN for the *e-file* Program, and the IRS accepts it, DRS now accepts this PIN as the electronic signature for the Connecticut tax return. By adopting this PIN alternative, DRS has effectively removed the need for **Form CT-8453**, *Income Tax Declaration for Electronic Filing by Individuals*. EROs are required to keep all the attachments as outlined on Page 11.

If your client does not use the IRS self-select PIN option, EROs are no longer required to mail **Form CT-8453** to DRS. However, EROs are required to keep the completed **Form CT-8453**, with all attachments, for three years. **Form CT-8453** is used to verify the information on an electronically transmitted **Form CT-1040**, **Form CT-1040EZ**, and **Form CT-1040NR/PY**, to provide the taxpayer's consent to direct deposit any overpayment, and to authorize the ERO to transmit through a third party transmitter. The ERO should verify that all sections of **Form CT-8453** are complete and all supporting documents, as specified in the section entitled *Attachments to Form CT-8453*, are attached. **Form CT-8453** is included in the appendix of this publication.

IRS DCN

Enter the federal Declaration Control Number (DCN) in the appropriate boxes at the top right-hand portion of the document.

Taxpayer Information

The mailing label from the taxpayer's booklet received from DRS or typed taxpayer entity information should be provided in this section. Make any necessary changes on the label if it is used.

Part I – Tax Return Information

Enter necessary information from **Forms CT-1040**, **CT-1040EZ**, or **CT-1040NR/PY**. Use whole dollar amounts. Make certain that the information entered on **Form CT-8453** corresponds with the information transmitted on the electronic return.

Part II – Direct Deposit of Refund or Direct Payment of Balance Due

Enter the taxpayer's direct deposit of refund information here. The ERO is required to verify account information. (See the back of **Form CT-8453** for account verification requirements.) If the taxpayer wants the refund directly deposited or the balance due directly withdrawn, be sure the corresponding box for Part III, Line 9 is checked. (See Page 16 for more information about refunds and balance due.)

Part III – Declaration of Taxpayer

After the return has been prepared and before the return is transmitted, the taxpayer (and spouse, if joint return) must verify the information on **Form CT-8453** and sign and date the document. The taxpayer's signature allows DRS to advise the ERO of the reason for a delay in processing the return or the refund, and to resolve any errors on the return. The preparer or transmitter must provide the taxpayer with a copy of the document.

Preparers and EROs **are prohibited** from allowing taxpayers to sign a blank **Form CT-8453**.

Part IV – Declaration and Signature of ERO and Paid Preparer

EROs and paid preparers must complete all information requested in Part IV of **Form CT-8453**. It is not necessary to complete the paid preparer section if the ERO is also the paid preparer. Instead, check the paid preparer box in the ERO section.

Attachments to Form CT-8453

The following forms are attachments to **Form CT-8453**:

- State copies of W-2, W-2G, and 1099, and Forms CT-4852.
- Copies of other state's return if claiming credit for income tax paid to another state. If credit is claimed for income taxes paid to more than two other qualifying jurisdictions, you must complete **Form CT-8453** and attach additional copies of Schedule 2, **Form CT-1040** or **Form CT-1040 NR/PY**. If the credit for income tax paid to another jurisdiction exceeds \$500, mail a copy of the other jurisdiction's tax return to:

Department of Revenue Services
PO Box 2933
Hartford CT 06104-2933

- Individual Use Tax Worksheet, if required.
- Other informational documents not covered above and supporting material voluntarily included by the taxpayer.
- Supporting documents and schedules requiring signatures, if applicable (as described in IRS Publication 1345).

The ERO **must keep Form CT-8453** and all attachments for three years.

Do not mail this document or any attachments to DRS.

Procedures for Retaining Form CT-8453

Unless the taxpayer has an IRS accepted PIN signature, the ERO must maintain all signed **Forms CT-8453** and attachments for three years from the due date of the return, or the date the return was filed, whichever is later. If, for any reason, the ERO is unable to keep **Form CT-8453** or ceases his or her business, all **Forms CT-8453** currently being maintained by the ERO should be forwarded to DRS. To receive instructions for delivery to DRS, contact us at:

860-297-4713 – Ask for the *e-file* Help Desk

There may be occasions when DRS will ask the ERO to forward the **Form CT-8453** signature document and all attachments. EROs must comply with the request within five business days from the date of the request. Send all requested documents:

Department of Revenue Services
Jim Annino, *e-file* Coordinator
PO Box 2964
Hartford CT 06104-2964

If the ERO cannot produce the original **Form CT-8453** or any of its attachments, credit for the tax withheld may be disallowed, and may result in suspension from the program.

Each year DRS requests a percentage of **Forms CT-8453** or conducts site visits, or both, for monitoring purposes.

Corrections to Form CT-8453

If the ERO makes changes to the electronic return after the taxpayer has signed **Form CT-8453**, but before the data has been transmitted, the ERO must have the taxpayer complete a corrected **Form CT-8453**, if either of the following conditions apply:

- Federal Adjusted Gross Income on Line 1 differs from the amount on the electronic return by more than \$50; or
- Connecticut refund or balance due changes by more than \$14.

Non-substantive changes are permissible on **Form CT-8453**, provided the person making the correction initials the changes.

Transmission Process

The *e-file* Program works best when you file the federal and Connecticut returns together in one transmission to the IRS. If the federal return has already been accepted and the state return has not been accepted, you may be able to retransmit a State Only Return. Since all *e-file* returns are transmitted through the IRS, the transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS as defined in IRS Publication 1345.

A transmitter who resides outside the area supported by the IRS must have his or her EFIN accepted by any service center outside the center designated to support his or her location. A revised federal Form 8633 must be completed to transmit Connecticut returns to another service center.

Participants in the *e-file* Program must confirm with their software developer or direct transmitter that the software has the capability of processing and transmitting the Connecticut data along with the federal data.

Reject Codes Received from the IRS Service Center

If a federal return is rejected due to errors, the accompanying state return will also be rejected. IRS Publication 1345A provides a list of all reject codes. Federal Form 8453 informs taxpayers their return may be rejected due to errors on their state return and, consequently, their federal return may be delayed. If the error is one that can be corrected and the record processed, both return records may be retransmitted to the IRS. If a state return cannot be corrected, the filer has the option of retransmitting the federal return data and filing the state return by mail. If the federal return has already been accepted, and the state return has not, you may be able to send a State Only Return by itself through the *e-file* Program.

Connecticut State Acknowledgment

The Connecticut acknowledgment informs transmitters the Connecticut return data has been retrieved and is being processed by DRS. The Connecticut acknowledgment system is a separate system from the federal acknowledgment system. **Do not** assume an acknowledgment from the IRS is a guarantee of receipt by DRS.

Design Plan for Connecticut Acknowledgment System

DRS acknowledges receipt of the Connecticut data packet from the IRS through a third party acknowledgment system. Acknowledgments are posted daily upon return retrieval from the IRS.

DRS has contracted with StAck (State Acknowledgment Service) to serve as the agent for transmission of electronic acknowledgments. StAck operates as a third party value-added network for the distribution of state acknowledgments. StAck provides a secure electronic mailbox service to receive state electronic acknowledgment files generated by the *e-file* Program and distributes the acknowledgments to the appropriate transmitter's mailbox.

Each transmitter must establish a mailbox with StAck through which he or she will download information to his or her system. The software developers will design the software to receive and process the acknowledgment file.

The Connecticut acknowledgment file should be available to a transmitter within two working days of the time the federal acknowledgment is received from the IRS.

Transmitters who transmit for EROs and preparers must notify the EROs and preparers at the time of receipt of the Connecticut acknowledgment. Transmitters are encouraged to regularly inquire on the status of returns transmitted.

How Transmitters Sign Up for the Connecticut Acknowledgment System

To arrange participation in the acknowledgment program, transmitters should contact StAck at **828-349-5750** or visit the StAck Web site at **www.state-ack.net**

Before contacting StAck to set up a mailbox, check with your software company to determine if your software company will retrieve your acknowledgments and provide them to you.

If you have any questions about the Connecticut Acknowledgment System, contact our *e-file* Help Desk at **860-297-4713**.

Checking the Connecticut Acknowledgment File

Once DRS has acknowledged an electronic return, transmitters must notify their EROs of acceptance within five business days after receipt of the acknowledgment from DRS.

A Connecticut acknowledgment indicates the return has been received and will be processed. While most refunds are issued within four days, the taxpayer should be advised to wait at least three weeks from the date of acknowledgment before inquiring about his or her refund. A Connecticut indicator on the federal acknowledgment only indicates a State of Connecticut return was attached to the federal return. It is **not** a Connecticut acknowledgment for the state return.

Reject Codes Specific to the Connecticut Return

The following are the reject codes on the Connecticut acknowledgment:

- 001** Invalid Form or Format
- 003** Not Current Taxable Year
- 004** Duplicate Return
- 005** Non-Calendar Year Return
- 010** Invalid Filing Date
- 014** Invalid Processing Year (DCN Year)
- 015** Schedule 2 (Line 49A) Invalid Jurisdiction Code
- 016** Schedule 2 (Line 49B) Invalid Jurisdiction Code
- 017** Invalid Transmitter ID (ETIN)
- 018** Invalid ID (EFIN)
- 19** Unauthorized Software/Version

How to Handle a Rejected Return

You may now be able to resend your rejected state return to the State of Connecticut. Follow your software instructions to send only the state tax return through the *e-file* Program. All current exclusions apply. (See Page 9 for the returns that cannot be electronically transmitted.)

If the electronically filed Connecticut return cannot be re-transmitted, the ERO must submit a paper tax return to DRS. When submitting paper returns make sure to:

1. Staple the signed **Form CT-8453** to the back of the paper Form CT-1040, Form CT-1040EZ, or Form CT-1040 NR/PY;

If the taxpayer attempted to use an IRS PIN, federal Form 8879 will be substituted for a copy of the Form CT-8453.

2. Staple the W-2 forms and other attachments to the front of the paper Form CT-1040, CT-1040EZ, or Form CT-1040 NR/PY; and
3. In red ink, clearly write the DCN at the top of the paper Form CT-1040, Form CT-1040EZ, or Form CT-1040 NR/PY.

Mail all materials to:

Department of Revenue Services
State of Connecticut
PO Box 2964
Hartford CT 06104-2964

The taxpayer is not required to sign the paper copy of **Form CT-1040**, **Form CT-1040EZ**, or **Form CT-1040 NR/PY** if all appropriate signatures are included on the signature document. DRS will process properly submitted paper returns on a priority basis.

The ERO is responsible for notifying the taxpayer a paper return was filed with DRS. Repeated rejection of transmissions could cause the IRS to rescind the electronic filing privileges of an ERO.

VI. Error Resolution

Errors may be identified on Connecticut returns when they enter the tax return processing cycle at DRS. These errors will be handled through the DRS error resolution process. Some errors that might be identified are duplicate returns, duplicate Social Security Numbers, computation errors, or debt offsets on refunds. Should errors occur on the Connecticut return, in most cases DRS communicates directly with the preparer. Transmitters are not given information about the tax return other than acknowledgment of receipt by DRS through the acknowledgment system.

Handling Problems

DRS operates a Help Desk for electronic transmitters and preparers who experience problems. For help with problems related to the electronically filed Connecticut return, call:

860- 297-4713 – Ask for the *e-file* Help Desk

A taxpayer **should not** be given the telephone number for the *e-file* Help Desk. This telephone line is reserved for businesses accepted into the electronic filing program. For general tax inquiries or to check the status of a refund, taxpayers may call CONN-TAX, the DRS automated telephone system. (See Page 5.)

VII. Refund Returns



Taxpayers who elect to have their refunds directly deposited to their checking or savings account must complete Part II of **Form CT-8453**. (See the instructions on the back of Form CT-8453.) If the taxpayer does not choose the direct deposit option, the refund check is mailed to the taxpayer. DRS is not responsible when a financial institution refuses a direct deposit. If a refund cannot be directly deposited into an account, DRS issues a paper check. Taxpayers may choose to have all or part of their refund applied to their 2004 estimated tax or donated to funds designated on the return.

Refund Anticipation Loans

If you offer refund anticipation loans, be aware that many state refunds are offset to satisfy obligations owed to the state or another qualifying entity such as the IRS.

Refund Delays

While most refunds are issued in four days, taxpayers may confirm the acknowledgment of the Connecticut returns with their practitioner or transmitter. Taxpayers are advised to wait at least three weeks from the date of the acknowledgment before calling or writing DRS to inquire about the status of a refund check.

If a taxpayer and his or her spouse owes money to DRS or another agency, the amount owed may be deducted from the refund. This debt delays the processing of the refund because all claims against the refund must be resolved before a refund check can be processed. This policy also applies to a paper return.

Delays in refunds claimed on receiving a federal refund do not impact the time required to receive a Connecticut refund.

VIII. Balance Due Returns

DRS accepts balance due or zero liability returns. Preparers must inform their taxpayer clients of the procedures for payment of Connecticut balance due returns as outlined below. Preparers must also inform their clients full payment must be made by April 15, 2004, to avoid penalty and interest.

Making Payments for Balance Due Returns

Taxpayers who owe additional Connecticut income tax may pay the balance due either at the time of electronic filing or at a later date. Payment is due on or before April 15, 2004, to avoid penalty and interest. Taxpayers have the following balance due payment options:

Direct Payment *Direct Payment*

Connecticut supports direct payment as a payment option for balance due returns. If you elect direct payment, you have to provide information used to debit your client's financial institution for the total amount due on the date you select. This information includes the routing transit number, bank account number, type of account, and requested payment date.

- The requested payment date is the date you want the payment withdrawn from the account. For a timely filed return, this date can be any time from the date the return is filed to the April 15, 2004, due date.
- A requested payment date of April 15, 2004, is timely even though it may take DRS up to three days to complete the debit, **provided** the return is filed on or before the April 15, 2004, due date. Penalty and interest are assessed for late payments.
- The direct payment amount must equal the total balance due.

Credit Card

- **By telephone** - Call Official Payments Corporation toll-free at **1-800-2PAY-TAX** (1-800-272-9829). You will be asked to enter the Connecticut jurisdiction code: 1777
or
- **On-line** - Visit **www.officialpayments.com** Select Payment Center.

The credit card service provider charges a convenience fee of 2.5% of the amount you are paying. You may elect to cancel the transaction. At the completion of the transaction you will be given a confirmation number for your records.

The taxpayer's payment is effective on the date the charge is made.

Check

Preparers must provide **Form CT-1040V**, *2003 Connecticut Electronic Filing Payment Voucher*, to clients filing balance due returns electronically. Enter on **Form CT-1040V**, Line 1, the total amount due. For proper credit, **Form CT-1040V** must be enclosed with the taxpayer's check or money order. Please advise clients this is **not** an estimated tax payment.

IX. Responsibilities of EROs and Transmitters

Electronic filers must maintain a high degree of integrity, compliance, and accuracy to continue participation in the *e-file* Program. They must also abide by the following requirements.

Compliance

All electronic filers must comply with the requirements and specifications published in IRS Publications 1345, 1345A, and 1346; the *Connecticut Handbook*; and the Connecticut *e-file* Record Layout Specifications for Individual Income Tax Returns (Taxable year 2003). Failure to comply with all requirements and specifications for the electronic portion and the non-electronic portion of the return will result in being suspended from the program.

Following are reasons for suspension from the program:

- Continued failure to retain **Forms CT-8453** or attachments, or both;
- Failure to supply DRS with **Forms CT-8453** or attachments or both upon request;
- Use of unapproved software;
- Rejection of transmitted returns;
- Disclosure of facts or conduct of a disreputable nature that reflect adversely on the program; or
- Purposeful submission of fraudulent returns.

DRS makes every attempt to assist participants in resolving problems. However, repeat offenders will be suspended from the program.

Timeliness of Filing

Transmitters must ensure electronic returns are filed in a timely manner. The receipt date of the electronic transmission by the IRS is the filing date for a Connecticut return, if the federal return is acknowledged as accepted by the IRS.

Further, transmitters should confirm acknowledgment of the Connecticut return by the DRS before considering the state return received.

The related **Form CT-8453** must be signed prior to the return being transmitted.

Deadline for Filing

DRS will accept electronically filed Connecticut returns submitted for transmission to the IRS Service Center on or before October 15, 2004. Any Connecticut returns submitted after October 15, 2004, must be filed as paper documents. To avoid a penalty, a taxpayer who wishes to file a return electronically after April 15, 2004, must file **Form CT-1040 EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for Individuals*, on or before April 15, 2004.

Form CT-1040 EXT only extends the time to file a final return; it does not extend the time to pay. Penalty and interest is or will be assessed on any tax not paid by the original due date.

Responsibility to Your Clients

Preparers are entrusted with the task of filing a client's tax return and assume the responsibility of ensuring the return arrives at DRS. In the event the electronic return fails to arrive at its destination, preparers **must** file a paper return for their clients.

EROs must provide taxpayers with their signed copies of **Form CT- 8453**, all accompanying documents, and their 2003 **Form CT-1040**, **Form CT-1040EZ**, or **Form CT-1040NR/PY**. The preparer should advise the taxpayer:

- To keep copies of all materials;
- That if it is necessary to amend the return, it must be filed using the paper **Form CT-1040X**; and
- To use the IRS self-select PIN program. If the IRS approves the PIN, DRS accepts the PIN as the electronic signature for the state tax return, eliminating the need for **Form CT-8453**. EROs must maintain all attachments as outlined on Page 11.

If a return shows a balance due, the ERO must inform the taxpayer of their payment options and provide them with a computer generated **Form CT-1040V, 2003 Connecticut Electronic Filing Payment Voucher**. (See Page 16 for more information on making payments.)

Upon request of the taxpayer, the ERO must provide the taxpayer with the Declaration Control Number (DCN) and the date the electronic portion of the tax return was acknowledged as accepted by the IRS and DRS.

Changes on the Return

If the ERO or taxpayer wishes to make any changes after the return has been accepted and acknowledged, the taxpayer must file an amended return, **Form CT-1040X**, using the paper document filing process.

Advertising Guidelines

Advertisements, whether in the form of signs, newspaper advertisements, radio or television commercials, etc., should not imply any special relationship with DRS. The use of improper advertising is grounds for suspension from the program. Acceptance into the *e-file* Program by DRS does not imply endorsement by DRS of the quality of the services provided by the electronic filer.

Fraudulent Returns

You should refer any returns you suspect to be fraudulent to the DRS Collection & Enforcement Division at **860-566-4914**.

X. Reminders

- Most residents, non-residents, and part-year residents can now file electronically.
- The address on the Connecticut *e-file* return must be the correct mailing address for the taxpayer.
- Taxpayers will receive their refund quicker by electing a direct deposit of the refund.
- If a taxpayer has a balance due, encourage him or her to use the new direct payment system at the time of filing. If the taxpayer does not elect to use direct payment, he or she should be given **Form CT-1040V**, *2003 Connecticut Electronic Filing Payment Voucher*. Taxpayers should be informed payments are due on or before April 15, 2004. (See Page 16 for additional information.)
- Do not attach copies of the Connecticut *e-file* return to **Form CT-1040V**. The voucher should be remitted to DRS with only the check or money order attached.
- Encourage your clients to use the IRS self-select PIN program. If the IRS approves the PIN, DRS accepts the PIN as the electronic signature for the state tax return, eliminating the need for **Form CT-8453**. EROs must keep all attachments as outlined on Page 11.
- If the credit for income tax paid to another jurisdiction exceeds \$500, mail a copy of the other jurisdiction's tax return to:

Department of Revenue Services
PO Box 2933
Hartford CT 06104-2933

- **Do not submit Form CT-8453** to DRS. EROs are required to keep **Form CT-8453** and all attachments in their files for three years. All **Forms CT-8453** sent to DRS will be returned to the ERO.
- If the ERO cannot produce the original **Form CT-8453** with all attachments when requested, credit for the tax withheld may be disallowed and may result in suspension from the program.
- If there is a problem with the Connecticut return transmittal, the software should allow the return to be retransmitted.

XI. e-file Checklist

- Double check to see if the Connecticut forms and attachments needed are transmittable.
- Verify the taxpayer wants to use the IRS self-select PIN program. If the IRS accepts the PIN, you do not need to complete **Form CT-8453**.
- Complete **Form CT-8453**, only if the IRS does not accept the self-selected PIN.
- Make sure that the name(s) and Social Security Number(s) are printed correctly on **Form CT-8453**, if applicable.
- Use only whole dollar amounts.
- Have the taxpayer(s) sign all documents requiring original signatures.
- Attach all state copies that show Connecticut income tax withholding for **W-2, 1099, and W-2G**, and **Forms CT-594 to Form CT-8453**.
- Electronically transmit the Connecticut and federal information at the same time.
- Give taxpayers copies of all forms that apply to them.
- Confirm the IRS acknowledgment.
- Confirm the Connecticut acknowledgment.
- Keep **Form CT-8453** along with any supporting documents as part of your permanent records for three years.
- **Do not mail** anything to DRS.

Exception: If the credit for income tax paid to another jurisdiction exceeds \$500, mail a copy of the other jurisdictions tax return to:

Department of Revenue Services
PO Box 2933
Hartford CT 06104-2933

XII. Appendix

- **Form CT-8453**, *Income Tax Declaration for Electronic Filing by Individuals*
- **Form CT-1040V**, *2003 Connecticut Electronic Filing Payment Voucher*