2015
Maryland MeF Handbook for Authorized e-file Providers

for Corporation and Pass-Through Entity Income Tax Returns

October 2015

Revenue Administration Division
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SECTION 1

Instructions for Electronic Filing

Introduction

Maryland participates in the IRS Modernized Electronic Filing (MeF) 1120/1065 program. This program allows the filing of Federal/State Corporation, Partnership and Pass-Through Entity Income Tax returns using an Extensive Markup Language (XML) format. The transmission method is a Web service using Simple Object Access Protocol (SOAP) with attachment messaging.

Starting January 2016, in cooperation with the IRS, Maryland will accept production Corporation, Partnership and Pass-Through Entity Income Tax Returns, corresponding forms and schedules for 2015, 2014 and 2013.

Benefits of MeF

MeF delivers significant value and benefits to both taxpayers and tax preparers.

Returns filed through MeF can be submitted to the IRS year round except for a short cutover period at the end of the calendar year. Return transmissions are processed upon receipt and acknowledgments are generated and returned in near real time 24 hours a day, 7 days a week. When a return is rejected error messages in the Acknowledgment File identify the error and location within the return. Refund returns are generated with fewer errors which would need correction; therefore, refunds are quickly generated.
Maryland strongly encourages and supports the transmission of binary attachments (PDF) documents.

**Who can participate**

There are 4 classifications of participants in the MeF Program: Electronic Return Originators, Online Filing Providers, Software Developers and Transmitters.

**Electronic Return Originator (ERO):** An ERO originates the electronic submission of a tax return through IRS or state e-file after the taxpayer authorizes the electronic filing of the return.

**Online Filing Provider:** An Online Filing Provider allows taxpayers to self-prepare returns by entering return data directly into commercially available software downloaded from an Internet site and prepared off-line, or through an online Internet site, or loaded from physical media onto a desktop computer or mobile device.

**Software Developer:** An Authorized IRS or state e-file Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to Publication 4164 or state specifications and/or (b) transmitting the electronic portion of returns directly to the IRS or the state. A Software Developer may also sell its software.

**Transmitter:** An Authorized IRS or state e-file Provider that transmits the electronic portion of a return directly to the IRS or the state. An entity that provides a "bump up" service is also a Transmitter. A bump up service provider increases the transmission rate or line speed of formatted or reformatted information that it is sending to the IRS or the state via a public switched telephone network. A tax services provider may serve its customers in more than one of these roles.

A tax services provider may serve its customers in more than one of these roles.
New for Tax Year 2015

Form 500CR

- Part V - Electric Vehicle Recharging Credit discontinued and replaced with new business credit Endow Maryland Tax Credit
- Part G – Qualified Vehicle Credit – certification required

Maryland Schedule K-1 (510)

- New business credit – Line 17 Electric Vehicle Recharging Credit discontinued and replaced with Endow Maryland Tax Credit

Form 500X

- Part D – Explanation of Changes - 7 new checkboxes

Form 500MC – Discontinued

New Power of Attorney Forms

- Form 548 – Full Power of Attorney
- Form 548P – Partial Power of Attorney
Basic and Comprehensive Software Designations

Comptroller of Maryland designates Software Vendors’ Maryland products as either Basic or Comprehensive.

The Comprehensive designation is assigned to those companies who support all electronic forms, binary attachments (PDFs) and Amended Returns. All others are assigned the Basic designation. These designations will help tax professionals and taxpayers determine which software best fits their needs.

The Comptroller of Maryland Web site (www.marylandtaxes.com) maintains a current list of software vendors designations and their testing/approval status.

Maryland Supports Amended Returns Electronically

Maryland supports electronic filing of Amended Business returns (Forms 500X and 510 with Amended indicator). We do not support a financial transaction with an Amended return. The Comptroller of Maryland Web site has detailed information, schemas, business rules, and Amended instructions for Forms 500X and 510 with Amended indicator.
Electronic Filing Requirements for Form 500CR

For all taxable years beginning after December 31, 2012, the Comptroller of Maryland mandates the electronic filing any of the following business tax credits:

**Form 502S:**
- Sustainable Communities Tax Credit

**Form 500CR**
- Enterprise Zone Tax Credit
- Health Enterprise Zone Hiring Tax Credit
- Maryland Disability Employment Tax Credit for Employees
- Job Creation Tax Credit
- Community Investment Tax Credit
- Business that Create New Jobs Tax Credit
- Qualified Vehicle Tax Credit
- Cybersecurity Investment Incentive Tax Credit
- Employer-Provided Long-Term Care Insurance Tax Credit
- Maryland Employer Security Clearance Costs Tax Credit
- Research and Development Tax Credits
- Biotechnology Investment Incentive Tax Credit
- Commuter Tax Credit
- Clean Energy Incentive Tax Credit
- Maryland-Mined Coal Tax Credit
- One Maryland Economic Development Tax Credit
- Oyster Shell Recycling Tax Credit
- Bio-Heating Oil Tax Credit
- Cellulosic Ethanol Technology Research and Development Tax Credit
- Wineries and Vineyards Tax Credit
- Maryland Film Production Activity Tax Credit
- Endow Maryland Tax Credit

**Note:** Do not include copies of the Maryland and Federal tax returns, schedules or worksheets when sending the required certifications or documentation by PDF.
Contact Information for e-File Help Desk

Web site  www.marylandtaxes.com
Email  efil@comp.state.md.us
Telephone number  410-260-7753
Fax number  410-974-2274

The Comptroller of Maryland Web site contains downloadable state business income tax forms and other information for MeF Authorized e-File Providers.

All EROs, Transmitters and Software Developers who need e-File assistance are encouraged to contact the Maryland e-File Help Desk by telephone, email or fax. Telephone assistance is available Monday through Friday, 8:00 a.m. to 5:00 p.m. EST.

Our mailing address is:

Revenue Administration Division
Electronic Processing Section
110 Carroll Street, Room 214
Annapolis, Maryland 21411-0001

Note: The Maryland e-File Help Desk telephone number should not be distributed since it is a courtesy provided to assist tax professionals only.
Publications

The following information is available on the Comptroller of Maryland Web site at www.marylandtaxes.com:

- Maryland MeF Test Package for Authorized e-File Providers for Corporation and Pass-Through Entity Income Tax Returns
- Maryland Schemas and Business Rules
- Maryland Corporation and Pass-Through Entity Income Tax Forms and Instruction Booklets
- Amended Maryland Tax for Corporations and Pass-Through Entity Income Tax Forms and Instructions
SECTION 2

The Filing Process

What Can Be Transmitted Electronically

The Maryland electronically filed return consists of XML data and supporting PDF documents.

Following is a list of all XML forms that Maryland accepts electronically. Software Developers are not required to support all forms. A form marked with an asterisk (*) listed below is required. All other forms are considered optional at the discretion of the software developer.

- Form 500 – *Corporation Income Tax Return
- Form 500D – Declaration of Estimated Corporation Income Tax
- Form 500E – Application for an Extension to File Corporation Income Tax Return
- Form 500CR – Business Income Tax Credits
- Form 500DM – Maryland Decoupling Modification
- Form 500UP – Underpayment of Estimated Income Tax by Corporations and PTEs
- Form 510 – *Pass-Through Entity Income Tax Return
- Form 510D – Declaration of Estimated Tax Pass-Through Entity Tax Return
- Form 510E – Application for Extension to File PTE Income Tax Return
- Maryland Schedule K-1 (510) - Maryland Pass-Through Entity Members’ Information
- Form 502S – Maryland Sustainable Communities Tax Credit
- Form 500X - Amended Corporation Income Tax Return
- Form 510 with Amended Indicator – Amended Pass-Through Entity Income Tax Return

EROs should take into consideration which forms and attachments they desire to be filed electronically, and verify with the software vendor which forms they support when purchasing software.
Federal Return Required

A copy of the federal XML or PDF income tax return through Schedule M2 is required to accompany all Maryland Forms 500 and 510.

Corporations included in a consolidated filing for federal income tax purposes must file separate returns for Maryland purposes and attach an XML or PDF copy of the actual consolidated federal return through Schedule M2 to each Maryland filing.

Each Maryland filing must also include an XML or PDF copy of the columnar schedules of income and expense balance sheet items (required for the federal filing) to reconcile the separate items of each member corporation to the consolidated totals.

Due date(s) of returns

File Form 500 by the 15th day of the 3rd month following the close of tax year or period, or by the original due date required for filing the federal return for corporations.

File Form 510 by 15th day of the 4th month following the close of the tax year or period if a partnership or by the 15th day of the 3rd month if an S-corporation.
Certification Requirements

All business credits taken on the 500CR and 502S must be filed electronically to receive credit. There are also certain refundable and non-refundable credits on these and other forms which require supporting documentation or certifications be attached by PDF.

EROs should consider when selecting software for purchase. The inability to scan and transmit required certifications and supporting documentation with your electronic return submission will delay or require additional processing. Maryland requires certifications and supporting documents be attached as a PDF document.

When the required documentation is not received by PDF with the e-Filed return, the requested credit will be denied and notice sent.

Required certification(s) and/or supporting documents

- Form 502S Section 1 – Sustainable Communities Tax Credit. Attach PDF copy of the approved Certification Application.

- Form 500CR Part A – Enterprise Zone Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development or Maryland Department of Labor, Licensing and Regulation, whichever applies.

- Form 500CR Part B – Health Enterprise Zone Hiring Tax Credit. Attach PDF copy of the required certification from Maryland Department of Health and Mental Hygiene.

- Form 500CR Part D – Job Creation Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.
• Form 500CR Part E – Community Investment Tax Credit. Attach PDF copy of the required certification from Maryland Department of Housing and Community Development.

• Form 500CR Part G – Qualified Vehicle Tax Credit. Attach PDF copy of registration for the qualified vehicle from Motor Vehicle Administration.

• Form 500CR Part H – Cybersecurity Investment Incentive Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part J – Maryland Employer Security Clearance Cost Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part K – Research and Development Credit(s). Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part L – Biotechnology Investment Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part N – Clean Energy Tax Credit. Attach PDF copy of the required certification from Maryland Energy Administration.

• Form 500CR Part O – Maryland-Mined Coal Tax Credit. Attach PDF copy of the required certification from Maryland Department of Assessments and Taxation.

• Form 500CR Part P – One Maryland Economic Development Tax Credit. Attach PDF copy of the required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part Q – Oyster Shell Recycling Tax Credit. Attach PDF copy of the required certification from Maryland Energy Administration.
• Form 500CR Part R – Bio-Heating Oil Tax Credit. Attach PDF copy of certification from the Maryland Energy Administration.

• Form 500CR Part S – Cellulosic Ethanol Technology Research and Development Tax Credit. Attach PDF copy of required certification Maryland Department of Business and Economic Development.

• Form 500CR Part T – Wineries and Vineyards Tax Credit. Attach PDF copy of required certification from Maryland Department and Business and Economic Development.

• Form 500CR Part U – Maryland Film Production Activity Tax Credit. Attach PDF copy of required certification from Maryland Department of Business and Economic Development.

• Form 500CR Part V – Endow Maryland Credit. Attach PDF copy of required certification from Maryland Department of Housing and Community Development.

**Note:** Do not include copies of the Maryland and/or Federal tax returns, schedules or worksheets when sending the required certifications or documentation by PDF unless requested to do so.
## Suggested PDF naming conventions

<table>
<thead>
<tr>
<th>Form</th>
<th>Line</th>
<th>PDF Reference Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 500</td>
<td>15f</td>
<td>NonResTaxSchedK1.pdf</td>
</tr>
<tr>
<td>Form 500CR</td>
<td>Part A</td>
<td>EnterpriseZone.pdf</td>
</tr>
<tr>
<td></td>
<td>Part B</td>
<td>HealthEntzoneHir.pdf</td>
</tr>
<tr>
<td></td>
<td>Part D</td>
<td>CreditJobCreation.pdf</td>
</tr>
<tr>
<td></td>
<td>Part E</td>
<td>CreditCommInvest.pdf</td>
</tr>
<tr>
<td></td>
<td>Part G</td>
<td>CreditQualVehicle.pdf</td>
</tr>
<tr>
<td></td>
<td>Part H</td>
<td>CybersecurityInvest.pdf</td>
</tr>
<tr>
<td></td>
<td>Part J</td>
<td>MDEmpSecClearance.pdf</td>
</tr>
<tr>
<td></td>
<td>Part K</td>
<td>CreditResearchDevelop.pdf</td>
</tr>
<tr>
<td></td>
<td>Part L</td>
<td>BioTechInvestmentIncentive.pdf</td>
</tr>
<tr>
<td></td>
<td>Part N</td>
<td>CreditCleanEnergy.pdf</td>
</tr>
<tr>
<td></td>
<td>Part O</td>
<td>CreditMDMinedCoal.pdf</td>
</tr>
<tr>
<td></td>
<td>Part P</td>
<td>CreditMDEconDev.pdf</td>
</tr>
<tr>
<td></td>
<td>Part P</td>
<td>CreditFinalCert.pdf</td>
</tr>
<tr>
<td></td>
<td>Part Q</td>
<td>OysterShellRecycling.pdf</td>
</tr>
<tr>
<td></td>
<td>Part R</td>
<td>BioHeatingOil.pdf</td>
</tr>
<tr>
<td>Part</td>
<td>Document Name</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------------</td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>CelluloEthanoltechResrchDev.pdf</td>
<td></td>
</tr>
<tr>
<td>T</td>
<td>WineriesAndVineyards.pdf</td>
<td></td>
</tr>
<tr>
<td>U</td>
<td>MDFilmProdActivity.pdf</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>EndowMD.pdf</td>
<td></td>
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<table>
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<th>Document Name</th>
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<td>14</td>
<td>DistCashFlowLimitWkSheet.pdf</td>
</tr>
<tr>
<td>3a</td>
<td>NonMDIncWrksheet.pdf</td>
</tr>
<tr>
<td>16c</td>
<td>NonResTaxSchedk1.pdf</td>
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</table>

<table>
<thead>
<tr>
<th>Schedule A</th>
<th>Document Name</th>
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<tbody>
<tr>
<td>1ag1</td>
<td>OtherIncomeSched.pdf</td>
</tr>
<tr>
<td>2e1</td>
<td>TangibleAssetsSched.pdf</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>Form 502S</th>
<th>Document Name</th>
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<td></td>
<td>ApprvdSustainCommCertApp.pdf</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form EL101B</th>
<th>Document Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MDEL101B.pdf</td>
</tr>
</tbody>
</table>

Use the Reference Document ID attribute to link the attachment to the appropriate location on the return. If PDF attachments are provided they must be listed in the binary attachment portion of the return.
Note for Software Developers

Binary attachment example (PDF)

The following is a binary attachment example for the Biotechnology Investment Credit from line 6, Part L of Form 500CR.

1. `<BiotechnologyInvestment>
   <TotalCredit
   referenceDocumentId="doc1">56</TotalCredit>
   </BiotechnologyInvestment>

2. `<BinaryAttachment documentId="doc1">
   <Reference>BIOTECH INVESTMENT CERTIFICA</Reference>
   <Description>BIOTECH INVESTMENT CERTIFICA</Description>
   <AttachmentLocation>BIOTECHINVESTMENT.PDF</AttachmentLocation>
   <BinaryAttachment>

3. `<ReturnHeaderState binaryAttachmentCount="1">

A file named BIOTECHINVESTMENT.PDF should be attached to the state transmission.

Expected values for the State Submission Manifest

<table>
<thead>
<tr>
<th>Form</th>
<th>Submission Type</th>
<th>Tax Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>MD500</td>
<td>2015, 2014, 2013</td>
</tr>
<tr>
<td>500D</td>
<td>MD500D</td>
<td>2015</td>
</tr>
</tbody>
</table>
What Cannot Be Transmitted Electronically

The following types of returns are excluded from electronic filing:

- Filings that are an exact duplicate of an original return filed electronically or by paper
- Consolidated returns
- Composite returns
SECTION 3

Financial Transaction Information

General Information

Filing a tax return is the responsibility of the business taxpayer. Filing returns electronically requires an agreement between the company and the ERO. The Comptroller of Maryland is not a party to this agreement.

International ACH Transactions – Foreign Account Indicator

We are required to implement a format in all programs involving electronic funds transfer through the National Automated Clearing House Association (NACHA) network. This NACHA rule is being implemented at the request of the US Treasury Office of Foreign Asset Control (OFAC). The rule requires additional payment addendum data to be provided whenever the source or destination of funds is international, even if the immediate funds transfer only involves domestic financial institutions.

To comply with banking rules, taxpayers are asked to indicate on the return if the state refund is not going to an account outside the United States (International ACH Transactions). Any electronic returns received by Maryland that do not have the Not Foreign Bank Indicator present (indicating it is not an IAT) will be rejected.
Refund Returns

Taxpayers can elect to have their overpayment of taxes issued in the form of a refund check, a direct deposit into any eligible financial institution, or have all or part of their refund applied to their estimated tax account for the next tax year.

Every attempt will be made to process a direct deposit. A paper check will be issued if the direct deposit cannot be properly completed. Maryland is not responsible for lost refunds when the incorrect bank information is entered.

To comply with banking rules, taxpayers are asked to indicate on the return if the state refund is not going to an account outside the United States (International ACH Transactions). Any electronic returns received by Maryland that do not have the Not Foreign Bank Indicator present (indicating it is not an IAT) will be rejected.

Refunds from original filings are generated approximately 5 business days after the electronic return has been accepted and acknowledged. Amended returns will take significantly longer to process and the refund sent by a paper check.
Balance Due Returns

Taxpayers who file their return electronically can elect to pay their balance due by the following methods.

- Direct debit (electronic funds withdrawal) for a full or partial payment when filing the return. The taxpayer can choose the date they want the amount owed withdrawn from their bank account up to return due date. Returns filed after the due date using electronic funds withdrawal must use a withdrawal date equal to the current date. The direct debit option is not available for electronically filed amended returns with a balance due.

- Electronic Funds Transfer (EFT) – ACH Credit or Debit

- Bill Pay (direct debit) for a full or partial payment from their checking or savings account on the Comptroller’s Web site at www.marylandtaxes.com. Taxpayers may choose the date they want the amount owed withdrawn from their bank account up to the return due date. Returns filed after due date must use a withdrawal date equal to the date filed.

- Check or money order made payable to the Comptroller of Maryland with Form EL102B and mailed to:

  Revenue Administration Division
  PO Box 2601
  Annapolis, MD 21404-2601

To comply with banking rules, taxpayers are asked to indicate on the return if the state payment is not coming from an account outside the United States (International ACH Transactions). Any electronic returns received by Maryland that do not have the Not Foreign Bank Indicator present (indicating it is not an IAT) will be rejected.
SECTION 4

Responsibilities of EROs and Transmitters

Confidentiality

Under Section 13-1019 of the Maryland Tax General Article, “Any Income Tax Return Preparer who discloses information in violation of 13-207 of this title is guilty of a misdemeanor and, on conviction, is subject to a fine of not less than $500 or more than $10,000.”

Compliance

All authorized e-File Providers must comply with all requirements in the Maryland MeF Handbook for Authorized e-File Providers for Corporations and Pass-Through Entity Income Tax Returns and maintain a high degree of accuracy and integrity to participate.

Timeliness of Filing

Filing deadlines for electronically filed returns follow established due dates for paper filing of business tax returns. If a due date falls on a Saturday, Sunday or legal holiday, the return must be filed the next business day.
All authorized EROs and Transmitters must ensure that returns are processed promptly. An electronically filed return is not considered filed until it has been acknowledged as Accepted or Accepted with Alert. If the return is transmitted on or before the due date and rejected, the return will be considered timely filed if resubmitted within 5 business days.

The electronic postmark is considered the date of filing when the return is received after the prescribed due date. Signing the return, completing the declaration and resubmitting a rejected timely filed return must be adhered to.

**Amended Returns**

After an original electronic return is acknowledged as Accepted or Accepted with Alert, it cannot be recalled, intercepted or changed. If the ERO or taxpayer desires to change an entry on an accepted electronic return, an amended electronic or paper return must be filed.

A copy of the revised federal return must be included for Forms 500X and/or 510 with Amended indicator by XML or PDF attachment.

**Resubmission of Rejected Tax Returns**

Maryland will monitor the timeliness of the error correction process when an error acknowledgement is sent. Failure to provide timely correction of rejected returns may cause a revocation of Maryland e-File privileges.

If an electronic acknowledgement has not been received within 48 hours of submission, the ERO should contact the Maryland e-File Help Desk. It is the
responsibility of the ERO to ensure that every electronic return filed is acknowledged as Accepted or Accepted with Alert.

If Maryland rejects the corporate return for processing, the ERO must take reasonable steps to inform the taxpayers of the rejection within 24 hours.

If an electronic return can be retransmitted, it must be filed by the later of the due date of the return or 5 business days after rejection. If the electronic return cannot be corrected and retransmitted, a paper return must be filed. For a paper return to be considered timely it must be filed by the later of the due date of the return or 10 business days after the return was rejected. The paper return should include an explanation of why the return is being filed after the due date and include a copy of the electronic reject notification.

**Suspension**

Maryland reserves the right to suspend or revoke the electronic filing privileges of any electronic filer who does not adhere to the requirements and specifications contained in the Maryland MeF Handbook for Authorized e-File Providers for Corporations and Pass-Through Entity Income Tax Returns. Failure to comply with all requirements and specifications could result in being suspended.

Maryland also reserves the right to deny participation in the MeF e-File program for the reasons listed below:

- If your company is required to register to conduct business in the state, but is not registered

- If your company has any outstanding liabilities with the Comptroller of Maryland or any other Maryland state agency

- If your company fails to adhere to the Maryland MeF e-File Program requirements and state schemas
• If your company does not maintain high success rate

• If your company uses unethical practices in return preparation

**Administrative Review**

Any applicant or filer who has been denied or suspended from participation in the Maryland MeF e-File Program may request an administrative review within 30 days from the date of denial or suspension. All requests should be mailed to:

Director, Revenue Administration Division
Attn: Corporate e-File Appeal
Comptroller of Maryland
PO Box 1829
Annapolis, Maryland 21404-1829
SECTION 5

Software Developers Information

Responsibilities

• Develop tax preparation software in accordance with statutory requirements and Maryland return preparation instructions

• Provide accurate Maryland income tax returns in correct electronic format for transmission and acceptance

• Develop software capable of producing a printed copy of the complete electronic filing which includes an EL101B (Payment voucher) with a “Do Not Mail” watermark

• Provide data validation, verification and error detection to prevent transmission of invalid returns

• Prevent electronically filing of any form not approved by Maryland
General Information

Maryland will accept the following types of filing:

- **Linked (Fed/State)**
- **Unlinked (State Only or Stand Alone)**

Maryland supports “linked” and “unlinked” state returns. The Maryland return can be linked to the IRS submission by including the Submission ID of the federal return (IRSSubmissionId) in the State manifest (StateSubmissionManifest).

**Linked** – A Maryland return can be linked to the IRS submission by including the Submission ID of the federal return (IRSSubmissionId) in the State manifest (StateSubmissionManifest). If the State submission is linked to an IRS Submission (also referred to as a Fed/State return), the IRS will check to see if there is an accepted IRS Submission under that Submission ID. If there is not an accepted federal return, the IRS will deny the State submission and an acknowledgment will be sent. If there is an accepted federal return under that Submission ID, then the IRS MeF will validate certain elements on the State submission and provide the submission to Maryland.

**Unlinked** – If the Maryland return is not linked to a previously accepted federal return (also referred to a State Stand Alone Return), the MeF system will validate certain elements of the submission to Maryland.

Software Developers must furnish electronic funds (direct debit) information for the payment option to taxpayers who file with a balance due. Electronic funds withdrawal can be made from the taxpayer’s checking or savings account. The taxpayers can choose the date that they want the amount
owed withdrawn from their account up to the due date of the return. Returns electronically filed after the due date using direct debit must use a withdrawal date equal to the date of return preparation. A partial payment(s) can also be made using direct debit.

Acceptance in the MeF e-File program does not imply an endorsement by the Comptroller of Maryland. Any public communication that refers to a user’s electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the user for electronic filing. It does not constitute an endorsement or approval of the quality of tax preparation services provided. No advertisement may state or infer that electronic filing changes the filing, payment or legal obligation of the taxpayer.

Software Developers and EROs are expected to place the taxpayer first in providing return preparation and transmission services. Regardless of changes in business address, company name, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return. This includes but is not limited to, access to current status of the return and access to organization representatives to resolve any questions or concerns.
Schemas and Business Rules

All Maryland state schemas and business rules are available on The Comptroller’s Web site at www.marylandtaxes.com.

Maryland has structured tax return data into a series of schemas. A schema is an XML document that specifies the data elements, structure and rules for each form, schedule, document and/or attachment. The element information includes field type, field format, length, and if it is reoccurring. In addition to formats defined by schemas, returns must also adhere to business defined in business rules (math rules, payment rules and requirements of PDF attachments).

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.) unless the data element is required by the state schemas.

Detailed requirements for decimal placement in ratios and percentages are in the state schemas and business rules.

Maryland verifies software developer transmissions for quality. Returns will be monitored for schema and business rule rejections.
Acknowledgments

**Accepted** – This type of acknowledgment indicates the electronic return was received and has successfully completed the pre-entry validation process. No further action is required.

**Accepted with Alert** – This type of acknowledgment indicates the electronic return was accepted and pre-entry validation completed. No further action is required.

**Note:** If your return is Accepted with Alert, do not resubmit.

**Rejected** - This acknowledgment indicates the electronic return was received but failed to complete the pre-entry validation process (it failed schema requirement or any of the business rules). The transmitter receives an acknowledgment; it contains error codes and messages indicating the cause of the rejection. The error condition must be corrected and the return retransmitted as a “State Only” transmission.

An electronically filed return is not considered filed until it has been acknowledged by Maryland as Accepted or Accepted with Alert.

If Software Developers are not acting as EROs, they are responsible for providing acknowledgments to EROs within 2 business days after return receipt.
Software Acceptance, Testing and Approval

Software Developers must yearly complete the **e-File Software Vendor Registration Information** form and submit it to the Maryland e-File Help Desk yearly prior to testing. This form can be found on the Comptroller’s Web site at [www.marylandtaxes.com](http://www.marylandtaxes.com).

Software Developers test to ensure that their software adheres to Maryland procedures, requirements and specifications. They should complete all testing, provide accurate Maryland tax returns in correct electronic format, provide data validation, verification and error correction to prevent transmission of incomplete, inaccurate, or invalid return information. Software provider must be available to correct any software errors (after Production begins) and work with E-File Unit to follow up on any processing issues that may arise during the filing season.

Maryland’s test date is tentatively scheduled to begin early November 2015 in conjunction with the IRS. Software Developers may submit test returns through 2016 until the IRS MeF test system shuts down.

The Maryland e-File Help Desk will assist with the reject code analysis associated with testing or approval of software developers for production until May 31, 2016. No approvals will be granted after this date.

Software Developers should contact the e-File Help Desk prior to testing and again after they have successfully transmitted error free test returns and retrieved acknowledgments.

To receive final approval, Software Developers must transmit **ALL** test returns, at the same time error free. Software Developers then must send a copy of the acknowledgment, the EL101B, EL102B, and online disclosure statement (if applicable) to the e-File Help Desk. Software Developers who successfully complete state testing and provide all required documents will receive two written approval verifications, one by email and another by mail.
Software errors that surface after approval should be corrected quickly. Updates related to software errors should be promptly distributed to users.

**Suspension**

All Software Developers must maintain a high degree of integrity, compliance and accuracy to participate in the Maryland MeF e-File program.

Compliance with the requirements and specifications contained in the Maryland MeF Handbook for Authorized e-File Providers for Corporations and Pass-Through Entity Income Tax Returns, schemas and business rules is a requirement for all Software Developers and EROs. Failure to comply could result in suspension from the Maryland MeF Business e-File Program.