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Connecticut

Department of Revenue Services
25 Sigourney Street
Hartford CT 06106



Federal/State Electronic Filing Handbook

Informational Publication 2001(22)
Issued: 11/01



Table of Contents

I.	Introduction	4
II.	Highlights for Tax Year 2001	5
III.	Calendar	5
IV.	Contact Names and Phone Numbers	6
V.	Federal/State <i>e-file</i> Program	7
	How the Federal/State <i>e-file</i> Program Works.....	7
	Who May Participate.....	8
	Application and Acceptance Process.....	8
	Connecticut Testing	9
	Publications.....	10
VI.	Filing Process	
	What Can Be Electronically Transmitted	11
	What Cannot Be Electronically Transmitted	11
	Form CT-8453 Instructions	12
	Attachments to Form CT-8453	13
	Corrections to Form CT-8453	14
	Transmission Process.....	15
	Connecticut State Acknowledgment	15
VII.	Error Resolution	18
VIII.	Refund Returns.....	19
IX.	Balance Due Returns.....	19
	Making Payments for Balance Due Returns	20
X.	Responsibilities of EROs and Transmitters.....	21
XI.	Reminders.....	23
XII.	<i>e-file</i> Checklist.....	24
XIII.	Appendix	25

I. Introduction

January 2002 will begin the 8th year of the Connecticut Federal/State Electronic Filing Program (*e-file*). The Connecticut Department of Revenue Services (DRS) will again offer tax preparers the ability to electronically file Connecticut resident income tax returns. DRS will be accepting refund, zero balance due, and balance due returns beginning January 11, 2002. Connecticut's *e-file* program is a part of the Federal/State *e-file* Program operated by the Internal Revenue Service (IRS).

Informational Publication 2001(22), *Connecticut Federal/State Electronic Filing Handbook*, (hereinafter referred to as the *Connecticut Handbook*), for individual income tax returns is designed to be used as a companion to the Internal Revenue Service 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 governing tax preparers, transmitters, and originators of returns published by the IRS are in effect for the Connecticut DRS. The procedures and requirements for the Federal/State *e-file* Program are outlined in Publication 3112, The IRS *e-file* Application Package.

DRS requires all participants to be accepted into the Federal Program in order to participate in the State *e-file* Program. DRS recommends that all participants study Publication 1345 prior to reading this Publication. Where the IRS provides detailed instructions on hardware, transmission procedures, policies, etc., it should be noted that these same requirements apply to the Connecticut program.

DRS is looking forward to your participation in our program.

II. Highlights for Tax Year 2001

- **Connecticut will support direct payment as a payment option for balance due returns.** This is a voluntary program. To participate, you will need to provide information that will be used to debit your client's financial institution for the total amount due on the date you select.
- DRS will accept an approved IRS 5-digit self-selected PIN as the electronic signature on the state tax return. The electronic signature will eliminate the need for **Form CT-8453**. See Page 12 for further details.
- Electronic Return Originators (EROs) are no longer required to mail **Form CT-8453** to the DRS. EROs are required to retain the completed **Form CT-8453** with all attachments for a period of three (3) years.
- New reduced tax rate for single filers.
- Personal Property tax credit change for single filers.

III. Calendar

For Tax Period January 1, 2001, to December 31, 2001

Begin IRS/State Acceptance Testing.....	November 6, 2001
Begin transmitting returns to IRS/DRS.....	January 11, 2002
Last date for timely filed returns	April 15, 2002
Last date for re-transmitting rejected timely filed returns	April 20, 2002
Last date for extended filing of state returns	October 15, 2002
Last date for retransmission of rejected returns.....	October 18, 2002

IV. Contact Names and Phone Numbers

State of Connecticut *e-file* Help Desk

DRS will operate a Help Desk for electronic transmitters and preparers who are experiencing problems. The Help Desk is to be used *exclusively* by electronic transmitters and preparers. These numbers should **not** be provided to taxpayers.

For questions and comments relating to Connecticut's *e-file* program, contact Jason Purslow, *e-file* Coordinator, at 860-297-5979, fax: 860-297-4757 or e-mail: jason.purslow@po.state.ct.us

For questions related to the processing of **Form CT-8453, *Income Tax Declaration for Electronic Filing by Individuals***, call: 860-297-4713 or fax: 860-297-4757.

For any additional information, visit the DRS Web site: www.drs.state.ct.us

Internal Revenue Service *e-file* Help Desk

Connecticut/Rhode Island District Office

For questions or comments relating to 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 24 hours a day from a touch-tone phone. Taxpayers should be advised 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 (toll-free within Connecticut)
860-297-5962 (from anywhere)

To obtain refund status information taxpayers must know their:

- Social Security Number
- Amount of Refund (dollars and cents)

Taxpayers should allow three (3) weeks for processing of an *e-file* return before calling the automated refund line to inquire about the status of a refund check.

V. Federal/State *e-file* Program

In 1994, the DRS joined the IRS to participate in the joint Federal/State *e-file* Program. Tax 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 IRS.

DRS began offering the Federal/State *e-file* Program statewide beginning with the 1995 tax 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 DRS's most successful programs. Continued participation by our ERO and practitioner community helped DRS pass its goal of receiving over 250,000 returns for tax year 2000. While the program has expanded rapidly, we feel by continuing to strive to offer a quality product, our program will continue the tremendous growth it has seen in the last seven years.

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

DRS will allow tax preparers and transmitters already accepted in the IRS *e-file* Program to participate in the State *e-file* Program. Our joint program allows for filing of the federal return and state return at the same time. Both returns are transmitted to the IRS using approved software. The IRS, after acknowledging to the transmitter acceptance of the federal return with state data, will make the state data available for retrieval by DRS. After the state data 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 taxable computer and data processing service (Note: effective July 1, 2001, these services are taxed at 1% (.01).) in the State of Connecticut. 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 Federal/State *e-file* Program is outlined below in the Application and Acceptance Process Section.

Application and Acceptance Process

Application Process

In order to participate in the joint Federal/State *e-file* Program, participants must apply to the IRS by submitting federal Form 8633, Application to Participate in the *e-file* Program.

No additional application form is necessary for the 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, or the IRS acceptance letter, or both, to:

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

or fax your information to DRS at 860-297-4757.

Note: This information is required only once but **MUST** be received before returns are transmitted. Please provide DRS with any changes to this information.

Federal Publication 1345 specifies the application process and requirements for federal participation. The IRS definition of the various categories of electronic filers (ERO, transmitter, or software developer) will apply for Connecticut Electronic filing purposes under the Federal/State Program.

Acceptance Process

DRS will recognize the federal acceptance process for the 2001 tax year. Acceptance into the federal program allows an ERO, transmitter, or preparer automatic acceptance into the Connecticut program. However, DRS will conduct suitability checks on all applicants for the joint Federal/State *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 EFIN and ETIN are assigned by the IRS. The DRS will use the same EFIN and ETIN as the IRS in the Federal/State *e-file* Program.

These numbers will be 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 that a software company has passed Connecticut testing, or check the DRS Web site for approved software developers at: **www.drs.state.ct.us**.

Publications

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

INTERNAL REVENUE SERVICE 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

CONNECTICUT DEPARTMENT OF REVENUE SERVICES PUBLICATIONS

Informational Publication 2001(22), Connecticut Federal/State Electronic Filing Handbook

Connecticut Electronic Filing Information for Software Developers

Connecticut Electronic Filing Test Package

VI. Filing Process

What Can Be Electronically Transmitted

The Connecticut portion of an electronic return will consist 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 documents.

The following forms and schedules may be transmitted electronically:

- **Form CT-1040**, *Connecticut Resident Income Tax Return*
- **Form CT-1040EZ**, *Connecticut Resident EZ Income Tax Return*

Note: Supporting Federal Return and Schedules are required for all electronically filed returns.

What Cannot Be Electronically Transmitted

In addition to the tax returns listed in Publication 1345 as excluded from federal *e-file* for the 2001 tax year, the following documents and forms will **not** be acceptable for Connecticut electronic filing for the 2001 tax year.

- **Form CT-1040X**, *Amended Connecticut Income Tax Return For Individuals*;
- Prior Year Returns - any return not for tax year 2001;
- Non-calendar year returns;
- Corrected returns;
- **Form W-2** with the state employer identification number missing;
- **Form CT-1040NR/PY**, *Connecticut Nonresident or Part-Year Resident Income Tax Return*;
- 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 subject to federal alternative minimum tax (federal **Form 6251**);
- 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-selected PIN for *e-file*, and the IRS accepts it, the DRS will now accept this PIN as the electronic signature for the Connecticut tax return. By adopting this PIN alternative, the DRS has effectively removed the need for **Form CT-8453, *Income Tax Declaration for Electronic Filing by Individuals***, EROs will be required to keep all the attachments as outlined on Page 13.

If your client does not elect to utilize the IRS self-select PIN option, the EROs are no longer required to mail **Form CT-8453** to the DRS. EROs are required to retain the completed **Form CT-8453** with all attachments for a period of three (3) years. **Form CT-8453**, is used to verify the information on an electronically transmitted **Form CT-1040** or **Form CT-1040EZ**, to provide the taxpayer's consent to directly 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 *Connecticut Section of the Electronic Return*, 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 return 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** or **CT-1040EZ**. **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 19 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 the 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 are required to 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, 1099; CT-4852; CT-594 forms, and Casino Winning Statements with Connecticut withholding.
- 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, additional copies of Schedule 2, Form CT-1040, must be completed and attached to **Form CT-8453**.
- 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).

Note: The ERO is required to maintain Form CT-8453 and all attachments for a period of three (3) years.

DO NOT mail this document or any attachments to the DRS.

Procedures for Retaining Form CT-8453

Unless the taxpayer has an IRS accepted PIN signature, the ERO shall maintain all signed **Forms CT-8453** and attachments for a period of three years (3) 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 retain **Form CT-8453** or ceases his or her business, all **Form CT-8453** currently being maintained by the ERO should be forwarded to DRS. To receive instructions contact DRS at:

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

There may be certain occasions that arise in which DRS will request the ERO to forward **Form CT-8453** signature document (and all attachments). EROs must comply with the request within five (5) business days from the date of the request. All requested documents should be sent to the address below.

Department of Revenue Services
Jason Purslow, *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.

Note: Each year DRS will request a percentage of **Forms CT-8453** or conduct 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 \$25; or
- Connecticut refund or balance due changes by more than \$7.

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

Transmission Process

Since the Connecticut electronic return will be transmitted with the federal return, the transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS, as defined in Publication 1345.

The Connecticut data package is transmitted to the IRS with the federal return data. 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 in order to transmit Connecticut returns to another service center.

Participants in the Federal/State *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. Publication 1345A will provide a list of all reject codes. Federal Form 8453 informs taxpayers that 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. **A state return cannot be filed electronically without the federal return.**

Connecticut State Acknowledgment

The Connecticut acknowledgment is designed to inform transmitters that 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 that an acknowledgment from the IRS is a guarantee of receipt by DRS.

Design Plan for Connecticut Acknowledgment System

DRS will acknowledge receipt of the State data packet from the IRS through a third party acknowledgment system. Acknowledgments are posted on a daily basis 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 will provide a secure electronic mailbox service to receive state electronic acknowledgment records generated by the Federal/State *e-file* Program and distribute 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.

Under normal processing conditions, the Connecticut acknowledgment file should be available to a transmitter within two (2) working days of the time the federal acknowledgment is received from the IRS.

Transmitters who transmit for EROs and preparers must notify them 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 make arrangements to participate in the acknowledgment program, transmitters should contact StAck at the following number: 828-349-5750 or visit the StAck Web site at **www.state-ack.net**.

Before contacting StAck to set up a mailbox, please check with your software company to determine if they will be retrieving your acknowledgments and providing them to you.

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

Checking the Connecticut Acknowledgment File

Once an electronic return has been acknowledged by the DRS, transmitters are required to notify their EROs of acceptance within five (5) business days after receipt of acknowledgment from the DRS.

A Connecticut acknowledgment indicates that the return has been received and will be processed. The taxpayer is to be advised to wait at least three (3) weeks from the date of acknowledgment before inquiring about his or her refund. A Connecticut indicator on the Federal acknowledgment is **NOT** a Connecticut acknowledgment for the state return.

Reject Codes Specific to the Connecticut Return

The following information identifies 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
- 012 Subject to Alternative Minimum Tax
- 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)
- 019 Unauthorized Software/Version

How to Handle a Rejected Return

If the electronically filed Connecticut return is rejected, the ERO must submit a paper tax return to DRS.

1. Staple the signed **Form CT-8453** to the back of paper Form CT-1040 or Form CT-1040EZ;
2. Staple the W-2 forms and other attachments to the front of the paper Form CT-1040 or CT-1040EZ; and
3. In red ink, clearly write the DCN at the top of the paper Form CT-1040 or Form CT-1040EZ.

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** or **Form CT-1040EZ** 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 that a paper return was filed with DRS.

Repeated rejection of transmissions could cause the IRS to rescind the electronic filing privileges of an ERO.

VII. 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 and all returns received will be processed. Some errors that might be identified are duplicate returns, duplicate Social Security Numbers, computation errors, debt offsets on refunds, etc. Should errors occur on the Connecticut return, in most cases DRS will communicate directly with the preparer. Transmitters will not be given information about the tax return other than acknowledgment of receipt by DRS through the acknowledgment system.

Handling Problems

DRS will operate a Help Desk for electronic transmitters and preparers who are experiencing problems. For assistance with problems relating 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 use by business entities that have been accepted into the electronic filing program. To check the status of a refund, taxpayers may call CONN-TAX, the DRS automated telephone system. See Page 6.

VIII. Refund Returns



Taxpayers may elect to have their refunds directly deposited by completing Part II of **Form CT-8453**. (Instructions are on the back of Form CT-8453.) If the direct deposit option is not chosen, 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 will issue a paper check. Taxpayers may choose to have all or part of their refund applied to their 2002 estimated tax, or donate it to funds designated on the return.

Refund Anticipation Loans

DRS does not encourage the use of refund anticipation loans, which are sometimes offered by tax preparers, because many state refunds are "offset" to satisfy obligations owed to the state or another qualifying entity.

Refund Delays

While most refunds will be issued in four (4) days, taxpayers may confirm the acknowledgment of the Connecticut returns with their practitioner or transmitter. Taxpayers are advised to wait at least three (3) 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 will delay the processing of the taxpayer's 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 will not impact the time required to receive a Connecticut refund.

IX. Balance Due Returns

DRS will accept balance due or zero liability returns for the 2001 filing season. 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 that full payment must be made by April 15, 2002, 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, 2002, to avoid penalty and interest. Taxpayers have the following balance due payment options.

A. To Pay by Direct Payment: *Direct Payment*

Connecticut will support direct payment as a payment option for balance due returns. This is a voluntary program. You will need to provide information that will be 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, 2002, due date.
- A requested payment date of April 15, 2002, will be considered timely even though it may take DRS up to three (3) days to complete the debit, **provided** the return is filed on or before the April 15, 2002, due date. Penalty and interest will be assessed for late payments.
- The direct payment amount must equal the total balance due.

B. To Pay by Credit Card:

- **By telephone** - Call Official Payments Corporation toll-free at: **1-800-2PAY-TAX** (1-800-272-9829).
- **or**
- **On-line** - Visit: www.officialpayments.com. Select Payment Center.

You will be asked to enter your zip code. A convenience fee will be charged by the credit card service provider. The fee is 2.5% of what 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.

C. To Pay by Check:

Preparers must provide **Form CT-1040V**, *2001 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 that this is **NOT** estimated tax.

X. Responsibilities of EROs and Transmitters

Electronic Filers must maintain a high degree of integrity, compliance, and accuracy in order to continue to participate in the Federal/State *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 (Tax Year 2001). Failure to comply with all requirements and specifications regarding the electronic portion and the non-electronic portion of the return will result in being suspended from the Program.

The following are reasons for suspension from the Program:

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

Every attempt will be made by DRS to assist participants in resolving problems. However, repeat offenders will be suspended from the program.

Timeliness of Filing

Transmitters must ensure that electronic returns are filed in a timely manner. The receipt date of the electronic transmission by the IRS will be considered 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 state return by the DRS before considering the state portion 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 which have been submitted for transmission to the IRS Service Center through October 15, 2002. Any Connecticut returns submitted after October 15, 2002, must be filed as paper documents. To avoid penalty, a taxpayer who wishes to file a return electronically after April 15, 2002, must file **Form CT-1040 EXT**, *Application for Extension of Time to File Connecticut Income Tax Return for*

Individuals, on or before April 15, 2002. **Form CT-1040 EXT** only extends the time to file a final return it does not extend the time to pay income tax or individual use tax. 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 that 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 copies of their signed **Form CT- 8453**, all accompanying documents, and their 2001 **Form CT-1040** or **Form CT-1040EZ**. The preparer should advise the taxpayer:

- To retain copies of all materials;
- That if an amendment of the return is necessary, 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 will accept the PIN as the electronic signature for the state tax return, eliminating the need for **Form CT-8453**. EROs will be required to keep all attachments as outlined on Page 13.

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**, *2001 Connecticut Electronic Filing Payment Voucher*. See Page 20 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 Electronic Filing Program by DRS does not imply endorsement by DRS of the quality of the services provided by the electronic filer.

Fraudulent Returns

Any returns suspected to be fraudulent should be referred to the DRS Collection & Enforcement Division at 860-566-4914.

XI. Reminders

- The address on the Connecticut *e-file* return must be the correct mailing address for the taxpayer.
- Is the taxpayer due a refund? Receive it quicker by electing a direct deposit of the refund.
- Does the taxpayer have a balance due? Encourage them to use the new direct payment system. If not, the taxpayer should be given **Form CT-1040V**, *2001 Connecticut Electronic Filing Payment Voucher*. Taxpayers should be informed that payments are due on or before April 15, 2002, and that they can pay by direct payment, check, or credit card. See Page 20 for additional information.
- Copies of the *e-file* return should not be attached 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 will accept the PIN as the electronic signature for the state tax return, eliminating the need for **Form CT-8453**. EROs will be required to keep all attachments as outlined on Page 13.
- **Do not submit Form CT-8453 to the DRS. EROs are required to retain Form CT-8453 and all attachments in their files for a period of three (3) 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.**

XII. e-file Checklist

- Double check to see if the Connecticut forms and attachments needed are transmittable.
- Verify that the taxpayer wants to use the IRS self-select PIN program. If IRS accepts PIN, Form CT-8453 does not need to be completed.
- Complete Form CT-8453.
- Make sure that the name(s) and Social Security Number(s) are printed correctly on Form CT-8453.
- Use only whole dollar amounts.
- Have the taxpayer(s) sign all documents requiring original signatures.
- Attach all state copies that show Connecticut state withholding for W-2, 1099, CT-4852, CT-594 forms, Casino Winning Statements, and supporting schedules to Form CT-8453.
- Electronically transmit the STATE and FEDERAL information at the same time.
- Give the taxpayer copies of all forms that apply to them.
- Confirm the IRS acknowledgment.
- Confirm the Connecticut acknowledgment.
- **Retain Form CT-8453 along with any supporting documents as part of your permanent records for a period of three (3) years.**
- **DO NOT mail Form CT-8453 to DRS.**

XIII. APPENDIX

- **Form CT-8453**, *Income Tax Declaration for Electronic Filing by Individuals*
- **Form CT-1040V**, *2001 Connecticut Electronic Filing Payment Voucher*

