



**2020**

**Maryland MeF  
Handbook for Authorized  
e-File Providers**

***for Individual Resident and  
Nonresident Income Tax  
Returns***

***October 2020***

Revenue Administration Division

Annapolis, MD 21411-0001

**Peter Franchot, Comptroller**

## Table of Contents

SECTION 1 Instructions for Electronic Filing.....	4
Introduction.....	4
Benefits of MeF .....	4
Who Can Participate.....	5
Electronic Identification Numbers .....	5
Maryland Physical Address .....	8
Maryland Physical Address (cont'd).....	9
Form PV.....	10
Publications .....	10
Contact information for E-File Help Desk .....	11
Tax Preparer Registration Requirement by Maryland Department of Labor .....	12
Mandatory Tax Preparer e-File Requirement.....	12
Electronic Filing Requirements for Form 500CR and 502S.....	14
Certification Requirement.....	16
Required certification(s) and/or supporting documentation .....	16
Form 502CR.....	16
Suggested binary attachment (PDF) naming conventions.....	21
Software Participation .....	22
SECTION 2 The Filing Process .....	23
What Can Be Transmitted Electronically .....	23
Accepted Federal Forms.....	24
Binary Attachments (PDFs) .....	24
What Cannot Be Transmitted Electronically .....	25
Additional Documents.....	25
Form EL101.....	26
List of documents that need to be retained with Form EL101.....	27
Expected Values for the State Submission Manifest .....	27
Maryland Acknowledgments .....	28
SECTION 3 Financial Transaction Information .....	29

General Information.....	29
Refund Returns .....	29
Direct Deposit.....	29
Refund Anticipation Loans (RALs).....	30
Refund Delays.....	31
Balance Due Returns.....	31
Electronic Funds Withdrawal (Direct Debit) .....	32
Bill Pay (Direct Debit).....	32
Credit Card Payments.....	32
Check or Money Order.....	33
SECTION 4 Responsibilities of EROs, Transmitters, and Software Developers .....	34
Confidentiality.....	34
Compliance.....	34
Transmitters .....	34
Software Developers .....	35
Timeliness of Filing .....	35
Amended Returns .....	35
Resubmission of Rejected Returns .....	36
Advertising Standards .....	36
Monitoring .....	37
Suspension.....	37
Administrative Review .....	38
SECTION 5 Software Design Information.....	39
Developer Responsibilities.....	39
General Information.....	39
Schemas and Business Rules .....	40
Returns Form Sequence.....	41
Acknowledgments.....	41
SECTION 6 Software Vendors Testing and Approval Information .....	42
System Operation.....	42
Software Acceptance and Testing .....	42
Software Vendors Final Approval .....	43

ATTACHMENTS .....	44
Attachment 1 .....	44
Maryland Counties, Incorporated towns, Cities and special taxing areas, Two Letter Abbreviations and 2020 Local County Tax Rates.....	44
Attachment 2 .....	45
Allowable Dependent Relationships and Abbreviations.....	45
Attachment 3 .....	46
Deduction Methods.....	46
Attachment 4 .....	47
State and Local Wages/Tax .....	47
Attachment 5 .....	47
State Retirement Pickup Amount .....	47
Attachment 6 .....	48
Exception Codes for Resident Form 502 and Nonresident Form 505.....	48

# **SECTION 1      Instructions for Electronic Filing**

## **Introduction**

The Maryland Modernized Electronic Filing (MeF) Program is part of the Internal Revenue Service (IRS) e-File Program. The Maryland MeF Handbook for Authorized e-File Providers is designed to be used as a companion to IRS Publication 4164. Most functions of the Maryland MeF program are the same as the Federal 1040 MeF program. This handbook highlights the unique features of Maryland e-File.

MeF allows filing of Federal and State Resident and Nonresident individual income tax returns using Extensive Markup Language (XML) format. The transmission method is a Web service using Simple Object Access Protocol (SOAP) with attachments messaging.

There are some differences between the Maryland MeF Handbook for Authorized e-File Providers and the Maryland Individual Tax Forms and Instructions for Residents and/or Nonresidents which are designed for preparing paper tax returns. There may be instances when an electronic tax return requires additional fields to be transmitted that are not required on paper forms due to electronic edit functions. The Maryland MeF Handbook for Authorized e-file Providers supersedes the paper instructions when there is a variation.

Starting January 2021, in cooperation with the IRS, Maryland will accept production Resident and Nonresident individual income tax returns, corresponding forms and schedules for 2020, 2019, and 2018.

## **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.

## Who Can Participate

There are 4 classifications of participants in the MeF Program:

**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 tax return.

**Online Filing Provider:** An Online Filing Provider allows taxpayers to self-prepare tax returns by entering tax return data directly into commercially available software downloaded from an Internet site and prepared off-line, 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 tax returns according to Publication 4164 or state specifications and/or (b) transmitting the electronic portion of tax returns directly to the IRS or 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 tax return directly to the IRS or 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 state by a public switched telephone network. A tax services provider may serve its customers in more than one of these roles.

## Electronic Identification Numbers

The Electronic Filer Identification Number (EFIN) is the six-digit identification number assigned by the IRS.

The Electronic Transmitter Identification Number (ETIN) is the five-digit identification number assigned by the IRS.

A permanent five-digit Maryland Software Identification Number (MSID) is assigned by the Maryland e-File Help Desk for each version of all software packages. New companies should contact the e-File Help Desk for assignment of an MSID. Each software product must have their unique MSID hard coded into their XML for identification purposes. The MSID will be active in production processing when testing has been successfully completed.

## New for Tax Year 2020

- All individual income tax returns are due April 15, 2021
  
- Local Tax Rate Changes
  - Anne Arundel County local tax rate increased from .0250 to .0281
  - Baltimore County local tax rate increased from .0283 to .0320
  - Dorchester County local tax rate increased from .0262 to .0320
  - Kent County local tax rate increased from .0285 to .0320
  - St. Mary's County local tax increased from .0300 to .0317
  - Washington County local tax rate increased from .0280 to .0320
  - Worcester County local tax rate increased from .0175 to .0225
  
- Form 502 Changes
  - Line 1e - Amount of investment income increased from \$3,600 to \$3,650
  - Line 10a - Pension exclusion for 65 or over increased from \$31,100 to \$33,100
  
- Form 502 and 505 Changes
  - for Married Filing Jointly, Head of Household, or Qualifying Widow the Minimum Standard deduction increased to \$3,100 and the Maximum Standard deduction increased to \$4,650
  - for Single, Married Filing Separately or Dependent the Minimum Standard deduction increased to \$1,550 and the Maximum Standard deduction increased to \$2,300
  - New checkbox in Direct Deposit of refund area added to indicate that State of Maryland is authorized to direct deposit the Taxpayer refund into bank account
  - New element Name(s) as it appears on the bank account
  
- Form 505NR Changes
  - Line 17 – Special Nonresident tax increased from 1.75% to 2.25%
  
- Form 502CR
  - Part E – Long Term Care for 40 or less \$420 increased to \$430; for taxpayers older than 40, the State limitation will remain \$500.
  - New Line 7, Part CC – resident tax paid by PTE electing to pay taxes for resident members

- Form 502SU Changes
  - Change maximum subtraction amount for **va** from \$5000 to \$6000 per taxpayer
  - New subtraction code **uu** - Gain recognized as a result of the sale of property within Laurel Park in Anne Arundel County, Pimlico Race Course in Baltimore County and Bowie Race Course Training Center in Prince George's County.
  - New subtraction code **vv** - the amount of a subsidy for rental expenses received by a Howard County resident under the "Live Where You Work" program of the Downtown Columbia Plan.
  
- Form 502UP – Interest rate changed (see [www.marylandtaxes.gov](http://www.marylandtaxes.gov))
  
- Form 502V – Mileage rate reimbursement rate decreased from 58 cents to 57.5 cents
  
- Form 505SU Changes
  - Change maximum subtraction amount for va from \$5000 to \$6000 per taxpayer
  - New subtraction code vv - the amount of a subsidy for rental expenses received by a Howard County resident under the "Live Where You Work" program of the Downtown Columbia Plan.
  
- Form 588 Changes
  - New element Name(s) as it appears on each bank account

MD will support electronically new IRS Federal Form:

- 1099-NEC – Nonemployee Compensation



## Maryland Physical Address

One of the most common errors on electronic returns filed in 2020 was the Maryland physical address section on Form 502. Entries in this section must reflect the taxpayer's last Maryland residency. See graphics on the next few pages for additional clarification.

### Taxpayer Valid Maryland Address Only

**1** Taxpayer physical place of Maryland Residence on the last day of taxable year or on the last day of Maryland legal residence for Part-Year or Military taxpayers.  
**CAN NOT BE OUT OF STATE ADDRESS**

**2** **4 Digit Maryland Political Subdivision Code** from LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREA IN MARYLAND (see Resident Booklet, Page 3)  
**Required**

**3** **Maryland Political Subdivision** from LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREA IN MARYLAND (see Resident Booklet, Page 3)

**1** **REQUIRED:** Maryland Physical address of taxing area as of December 31, 2020 or last day of the taxable year for fiscal year taxpayers. **See Instruction 6. Part-year residents see Instruction 26.**

**2** 4 Digit Political Subdivision Code (See Instruction 6)

**3** Maryland Political Subdivision (See Instruction 6)

**4** Maryland Physical Address Line 1 (Street No. and Street Name) (No PO Box)

**5** Maryland Physical Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box)

**6** MD State

**7** ZIP Code - 4

**8** Maryland County

**4 MD Address Line 1** (Maryland Street Number and Name - **No PO Box**) **Required**

**5 MD Address Line 2** (Maryland Apartment Number, Suite Number, Floor Number - **No PO Box**) **Required**

**6 MD City Name** **Required**

**7 MD ZIP Code** **Required**

**8 MD County** **Required**

See Example of taxpayer mailing address (Out of State) and MD Physical address on the next page.

# Maryland Physical Address (cont'd)



**MARYLAND  
FORM  
502**

**RESIDENT INCOME  
TAX RETURN**



205020099

**2020**

\$

OR FISCAL YEAR BEGINNING \_\_\_\_\_ 2020, ENDING \_\_\_\_\_

123456789

Your Social Security Number

Spouse's Social Security Number

**SINGLE**

Your First Name

MI

Does your name match the name on your social security card? If not, to ensure you get credit for your personal exemptions, contact SSA at 1-800-772-1213 or visit [www.ssa.gov](http://www.ssa.gov).

**TAXPAYER**

Your Last Name

Spouse's First Name

MI

Spouse's Last Name

28344 DUPONT BLVD

Current Mailing Address Line 1 (Street No. and Street Name or PO Box)

MILLSBORO

DE

19966

Current Mailing Address Line 2 (Apt No., Suite No., Floor No.)

City or Town

State

ZIP Code + 4

**1** **REQUIRED:** Maryland Physical address of taxing area as of December 31, 2020 or last day of the taxable year for fiscal year taxpayers. **See Instruction 6. Part-year residents see Instruction 26.**

**2** 0602 **3** Town of Denton

4 Digit Political Subdivision Code (See Instruction 6) Maryland Political Subdivision (See Instruction 6)

**4** 123 Market Street

Maryland Physical Address Line 1 (Street No. and Street Name) (No PO Box)

**5** Suite 409A

Maryland Physical Address Line 2 (Apt No., Suite No., Floor No.) (No PO Box)

**6** Denton **7** 21629 **8** Caroline

City State ZIP Code + 4 Maryland County

## Form PV

Form PV – Payment Voucher is required to be generated and furnished to all taxpayers who electronically file original tax return(s) (Forms 502, 505, Estimated tax payments or Extension requests) with a balance due without making a direct debit. A taxpayer who chooses to pay their liability by check or money order should mail the PV along with their remittance to:

**Comptroller of Maryland  
Revenue Administration Division  
PO Box 8888  
Annapolis, MD 21401-8888**

## Publications

The following publications are available on the Comptroller of Maryland website at [www.marylandtaxes.gov](http://www.marylandtaxes.gov):

- MeF Handbook for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns
- Maryland Individual Resident and Nonresident forms and instruction booklets
- Maryland Amended Individual Income Tax Forms (502X and 505X) and Instructions

The following publications are available on the FTA State Exchange System (SES):

- Maryland Letter of Intent (LOI)
- Maryland Individual Resident and Nonresident forms
- MeF Handbook for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns
- MeF Test Package for Authorized e-File Providers for Individual Resident and Nonresident Income Tax Returns

## Contact information for E-File Help Desk

**Website** [www.marylandtaxes.gov](http://www.marylandtaxes.gov)

**Email** [efil@marylandtaxes.gov](mailto:efil@marylandtaxes.gov)

**Telephone number** **410-260-7753**

The Comptroller of Maryland website contains downloadable state forms and other information for Individual Resident and Nonresident income tax returns.

Contact the e-File Help Desk, by telephone, Monday through Friday, between 8:00 am and 5:00 pm E.S.T. **The Maryland e-File Help Desk telephone number should not be distributed to taxpayers as it is provided to assist tax professionals only.**

### Mailing address:

Revenue Administration Division  
Processing Control, eFile Help Desk  
P. O. Box 1829  
Annapolis, MD 21404-1829

## Other Comptroller of Maryland Contacts

**For Tax Professionals:** Tax Practitioner Hotline: 410-260-7424 or email [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov).

### For Refund Inquiries:

- Go to Comptroller of Maryland website – [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and click on *Where's My Refund?*
- Call the automated refund inquiry hotline at 410-260-7701 from Central Maryland or 1-800-218-8160 toll-free
- Taxpayer Services Division from Central Maryland 410-260-7980 or toll-free 1-800-638-2937

## Tax Preparer Registration Requirement by Maryland Department of Labor

House Bill 194 changed the registration requirements for individual tax preparers. Visit the Maryland Department of Labor website at <https://www.dllr.state.md.us/license/taxprep/> for more information.

## Mandatory Tax Preparer e-File Requirement

Maryland House Bill 810, enacted into law on May 7, 2009, add 10-824 to the Maryland Tax-General Article, provides mandatory requirements for filing income tax returns electronically. This Act also adds Tax-General Article 13-717 to provide circumstances under which a penalty would apply for failure to comply with Maryland Tax-General Article 10-824.

This Act requires income tax return preparers who have prepared, for compensation, more than **100** Maryland individual income tax returns in the prior tax year to file all individual tax returns electronically.

This Act authorizes the Comptroller of Maryland to impose on a preparer a \$50 penalty for each tax return that is not filed electronically in compliance with this Act, unless the preparer is able to show that the failure to comply is due to reasonable cause and not due to willful neglect.

The taxpayer may opt out of having their income tax return filed electronically if the appropriate box is checked on the paper tax return.

A tax preparer may request a written waiver from the Comptroller of Maryland by email [efil@marylandtaxes.gov](mailto:efil@marylandtaxes.gov) or mail. The written waiver request must establish, to the satisfaction of the Comptroller, 1) either reasonable cause or 2) undue hardship due to lack of means to file tax returns electronically. The tax preparer must receive written approval of the waiver by the Comptroller of Maryland before he will be considered exempt from the law and any fines associated with non-compliance of this Act.

Written requests should be mailed to:

Revenue Administration Division  
Processing Control, e-File Help Desk  
P.O. Box 1829  
Annapolis, MD 21404-1829

A decision will be made within 10 business days of the request. A written response will be sent by either regular mail or email.

Any tax preparer whose request for waiver was denied may request an administrative review within 30 days from the date of denial. All requests for review should be sent to:

Director, Revenue Administration Division  
Tax Preparer e-File Appeal  
P.O. Box 1829  
Annapolis, MD 21404-1829

## Electronic Filing Requirements for Form 500CR and 502S

All business credits taken on the 500CR and 502S must be filed electronically. Certifications and supporting documents are required to be attached as a PDF with return.

### Form 500CR

- Enterprise Zone Tax Credit
- Small Business Relief Tax Credit
- Maryland Disability Employment Tax Credit
- Job Creation Tax Credit
- Community Investment Tax Credit
- Business that Create New Jobs Tax Credit
- Cybersecurity Incentive Tax Credits
  - Credit for Investors in Cybersecurity (H-I)
  - Credit for Buyers of Cybersecurity Technology and/or Cybersecurity Services (H-II)
- Employer-Provided Long-Term Care Insurance Tax Credit
- Maryland Employer Security Clearance Costs Tax Credit
  - Credit for Sensitive Compartmented Information Facility (SCIF) Costs and Security Clearance Administrative Expenses (J-I)
  - First Year Leasing Costs Tax Credit for Businesses not certified as a "Small Business" (J-II)
- Research and Development Tax Credits
  - Research and Development Tax Credit for Businesses not certified as a "Small Business" (K-I)
  - Research and Development Tax Credit for Businesses certified as a "Small Business" (K-II)
- Biotechnology Investment Incentive Tax Credit
- Clean Energy Incentive Tax Credit
- Maryland-Mined Coal Tax Credit
- One Maryland Economic Development Tax Credits
- Oyster Shell Recycling Tax Credit
- Energy Storage Systems Tax Credit
- More Jobs for Marylanders Tax Credit
- Wineries and Vineyards Tax Credit
- Film Production Activity Tax Credit

- Endow Maryland Tax Credit
- Aerospace, Electronics, or Defense Contract Tax Credit
- Preservation and Conservation Easements Tax Credit
- Apprentice Employee Tax Credit
- Qualified Farms Tax Credit
- Qualified Veteran Employees Tax Credit
- Endowment of Maryland Historically Black Colleges and Universities Tax Credit

### **Form 502S**

- Heritage Structure Rehabilitation Tax Credit



## Certification Requirement

There are many additions, subtractions, refundable and non-refundable individual or business tax credits on Individual Resident and Nonresident tax returns which require PDF attachment(s) of supporting documentation or certifications.

If the required documentation is not attached, the credit **will** be denied.

EROs and Online Filers should consider using tax preparation software which has the ability to scan and transmit required certification(s) and supporting documentation by PDF with the electronically filed tax return. See the Software Vendor Status document at Comptroller of Maryland website at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) for forms supported, and approved or testing status.

## Required certification(s) and/or supporting documentation

### Form 502CR

- **Part A – Tax Credits for Income Taxes Paid to other states and localities.** Attach a completed PDF copy of other income tax state and/or locality tax return(s) for which the tax credit is claimed on the Maryland tax return; for Maryland resident partners, shareholders or members of Pass-through entities who are part of a composite tax return filing and had taxes paid on their behalf, attach Maryland Schedule K-1 (510) or K-1 statement issued by the PTE indicating member's share of taxable income and tax liability. **When copies of other state or locality income tax returns are attached, schedules, worksheets, certifications or other documentation should not be included unless requested.**
- **Part F – Preservation and Conservation Easements Tax Credit.** Attach PDF of certification from the Maryland Environmental Trust (MET), Maryland Agricultural Land Preservation Foundation or Department of Natural Resources (DNR).
- **Part H – Community Investment Tax Credit.** Attach PDF copy of required certification from the Department of Housing and Community Development (DHCD).

- **Part I - Endow Maryland Tax Credit.** Attach PDF copy of required certification from the Department of Housing and Community Development (DHCD).
- **Part J – Preceptors in Areas with Healthcare Workforce Shortages.** Attach PDF copy of required certification from Maryland Department of Health (MDH).
- **Part K – Independent Living Tax Credit.** Attach PDF copy of required certification from the Maryland Department of Housing and Community Development (DHCD).
- **Part L – Endowment of Maryland Historically Black Colleges and Universities Tax Credit** – Attach PDF copy of required certification from the Comptroller of Maryland.
- **Part BB – Local Tax Credit.** Attach PDF copy of other state local or municipality tax return(s).
- **Part CC, Line 1 – Student Loan Debt Relief Tax Credit.** Attach PDF copy of required certification from Maryland Higher Education Commission.
- **Part CC, Line 2 – Heritage Structure Rehabilitation Tax Credit.** Include Form 502S and attach PDF copy of required Certification Application (Part 3) approved by the Maryland Historical Trust.
- **Part CC, Line 4 – IRC Section 1341 Repayment Credit.** Attach PDF documentation that states that the taxpayer must make repayment and a copy of the document stating repayment was made.
- **Part CC, Line 5 – Flow-through Nonresident PTE tax.** If beneficiary of a trust or a Qualified Subchapter S Trust for which nonresident PTE tax was paid: Attach PDF Form 1041 Schedule K-1 or Maryland Schedule K-1 (504) for the trust and a copy of Maryland Schedule K-1 (510) issued to the trust by the PTE. If a member of PTE(s) for which nonresident tax was paid: attach PDF Federal Schedule K-1 and Maryland Schedule K-1 (510) (or equivalent statement) issued to member and to the partnership, limited liability company or S-corporation, by the PTE.
- **Part CC, Line 7 – Flow-through Resident PTE tax.** If beneficiary of a trust or a Qualified Subchapter S Trust for which resident PTE tax was paid: Attach PDF Form 1041 Schedule K-1 or Maryland Schedule K-1 (504) for the trust and a copy of Maryland Schedule K-1 (510) issued to the trust by the PTE. If a member of PTE(s) for which resident tax was paid: attach PDF Federal Schedule K-1 and Maryland Schedule K-1

(510) (or equivalent statement) issued to member and to the partnership, limited liability company, or S-corporation, by the PTE.

### **Form 502S**

- **Form 502S Line 1 – Credit for Heritage Structure Rehabilitation Tax Credit.** Attach PDF copy of required approved certification from Maryland Historical Trust (MHT).

### **Form 500CR**

- **Form 500CR Part A – Enterprise Zone Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce or Maryland Department of Labor.
- **Form 500CR Part B – Small Business Relief Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part C – Maryland Disability Employment Tax Credit for Employees.** Attach PDF copy of certification from Maryland State Department of Education or Maryland Department of Labor.
- **Form 500CR Part D – Job Creation Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part E – Community Investment Tax Credit.** Attach PDF copy of required certification from Maryland Department of Housing and Community Development (DHCD).
- **Form 500CR Part H – Cybersecurity Incentive Tax Credit** (two parts H-I (Investors) and H-II (Buyers)). Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part J – Maryland Employer Security Clearance Costs (ESCC) Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part K – Research and Development Tax Credit(s).** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part L – Biotechnology Investment Incentive Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.

- **Form 500CR Part N – Clean Energy Incentive Tax Credit.** Attach PDF copy of required certification form Maryland Energy Administration (MEA).
- **Form 500CR Part O – Maryland-Mined Coal Tax Credit.** Attach PDF copy of required certification form Maryland State Department of Assessments and Taxation (SDAT).
- **Form 500CR Part P – One Maryland Economic Development Tax Credit(s).** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part Q – Oyster Shell Recycling Tax Credit.** Attach PDF copy of required certification from Maryland Department of Natural Resources (DNR).
- **Form 500CR Part R – Energy Storage Systems Tax Credit.** Attach PDF copy of required certification from Maryland Energy Administration (MEA).
- **Form 500CR Part S – More Jobs for Marylanders Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part T – Wineries and Vineyards Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part U – Film Production Activity Tax Credit.** Attach PDF copy of required certification form Maryland Department of Commerce.
- **Form 500CR Part V – Endow Maryland Tax Credit.** Attach PDF copy of required certification from Department of Housing and Community Development (DHCD).
- **Form 500CR Part W – Aerospace, Electronics or Defense Contract Tax Credit.** Attach PDF copy of required certification from Maryland Department of Commerce.
- **Form 500CR Part X – Preservation and Conservation Easements Tax Credit.** Attach PDF copy of required certification from the Maryland Agricultural Land Preservation Foundation or the Department of Natural Resources (DNR).

- **Form 500CR Part Y – Apprentice Employee Tax Credit.** Attach PDF copy of the proof of enrollment for each eligible apprentice in a registered apprenticeship program and proof of the duration of the eligible apprentice’s employment approved by the Maryland Department of Labor.
- **Form 500CR Part Z – Qualified Farms Tax Credit.** Attach PDF copy of all certificates issued by the Tax Credit Certificate Administrator as approved by Maryland Department of Agriculture.
- **Form 500CR Part AA – Qualified Veteran Employees Tax Credit.** Attach PDF copy of required certification from the Maryland Department of Commerce.
- **Form 500CR Part BB – Endowment of Maryland Historically Black Colleges and Universities Tax Credit.** Attach PDF copy of required certification from Comptroller of Maryland.

## Suggested binary attachment (PDF) naming conventions

<b><u>Form</u></b>	<b><u>Part</u></b>	<b><u>PDF Reference Name</u></b>
<b>Form 502CR</b>	Part A	StateofXX.pdf (XX=2 letter state abbreviation)
	Part G	VensionDonation.pdf
	Part H	CreditCommInvest.pdf
	Part I	CreditEndowMd.pdf
	Part J	PreceptorsHealthCare.pdf
	Part K	IndependentLivingCredit.pdf
	Part L	HBCUCredit.pdf
	Part CC	StudentLoanDebt.pdf
	Part CC	IRCRepayment.pdf
	Part CC	FlowthruPTENonRes.pdf
	Part CC	FlowthruPTERes.pdf
<b>Form 500CR</b>	Part A	EnterpriseZone.pdf
	Part B	SmallBusinessRelief.pdf
	Part D	JobCreationCredit.pdf
	Part E	CommInvestCredit.pdf
	Part H-I	CyberSecurityIncentInv.pdf
	Part H-II	CyberSecurityIncentBuy.pdf
	Part J	MDEmployerClearCosts.pdf
	Part K	ResearchAndDevelop.pdf
	Part L	BioTechInvIncentive.pdf
	Part N	CleanEnergyCrdit.pdf
	Part O	MDMinedCoalCredit.pdf
	Part P	OneMDEconDev.pdf
	Part P	One MDFinalCert.pdf
	Part Q	OysterShellRecycling.pdf
	Part R	EnergyStorageSystems.pdf
	Part S	MoreJobsForMD.pdf
Part T	WineriesAndVineyards.pdf	
Part U	FilmProdActivityCredit.pdf	

Part V	EndowMDCredit.pdf
Part W	AeroElectrDefCont.pdf
Part X	PreservConservEase.pdf
Part Y	ApprenticeEmp.pdf
Part Z	QualifiedFarms.pdf
Part AA	QualVetEmployees.pdf
Part BB	HBCUCredit.pdf

**Form 502S**      ApprvdHeritStrucRehabCertApp.pdf

## Software Participation

Software companies new to Maryland e-File processing are required to contact the e-File Help Desk to obtain a MSID. Each software product developed must have a unique MSID hard coded into the XML for identification purposes.

All tax software used to develop and transmit electronic tax return data must be approved by the IRS and State of Maryland as part of the acceptance process. Software Developers and Transmitters are required to test their software programs annually. Participating Software Developers are to download Maryland schemas, business rules and test package from FTA SES website. Software Developers must receive final approval in writing before submitting production tax returns.

Maryland reserves the right to suspend the approval of a Software Developer who fails to comply with the guidelines in this publication, Maryland schema and/or business rules.

## SECTION 2      The Filing Process

### What Can Be Transmitted Electronically

Maryland electronically filed tax returns consist of XML data and supporting PDF documents.

The e-filing of Form 502 Resident Income tax Return and Form 505 Nonresident Income Tax returns for the same taxpayer for the same year can be accepted. Amended tax returns can be submitted as many times as necessary to correct omissions or changes to the original or amended filings.

The list following contains all forms that Maryland accepts electronically. Software Developers are not required to support all Maryland tax forms. A form marked with an asterisk (\*) is **required**. All other forms are optional at the discretion of the software developer.

- Form 502\* - Maryland Resident Income Tax Return
- Form 505 - Maryland Nonresident Income Tax Return
- Form 505NR - Maryland Nonresident Income Tax Calculation (with 505 only)
- Form 502CR - Maryland Personal Income Tax Credits for Individuals
- Form 502UP - Underpayment of Estimated Maryland Income Tax by Individuals
- Form 502INJ - Injured Spouse Claim Form
- Form 1099G/MD - Unemployment Compensation
- Form 502R - Source Description of Retirement Income
- Form 502SU - Maryland Subtractions from Income (with 502 only)
- Form 505SU - Maryland Nonresident Subtractions from Income (with 505 only)
- Form 502B - Maryland Dependents Information
- Form 588 - Direct Deposit of Maryland Income Tax Refund to More than One Bank Account
- Maryland Schedule K-1 (510) - Pass-Through Entity Members Information



- Form 500CR - Business Income Tax Credits
- Form 502S - Maryland Heritage Structure Rehabilitation Tax Credit
- Form 500DM - Decoupling Modification
- Form 502V - Use of Vehicle for Charitable Purposes
- Form 502D - Personal Declaration of Estimated Tax
- Form 502E - Application for Extension of Time to File Personal Income Tax Return
- Form 502X - Maryland Resident Amended Tax Return
- Form 505X - Maryland Nonresident Amended Tax Return

## Accepted Federal Forms

The following forms can be filed depending on the type of Maryland filing submitted:

- Form W-2 - Wage and Tax Statement
- Form W2-G - Statement for Certain Gambling Winnings
- Form 1099-MISC - Miscellaneous Income
- Form 1099-B - Proceeds from Barter and Barter Exchange Transactions
- Form 1099-DIV - Dividends and Distributions
- Form 1099-INT - Interest Income
- Form 1099-OID - Original Issue Discount
- Form 1099-K - Payment Card and Third Party Network Transactions
- Form 1099-NEC - Nonemployee Compensation

## Binary Attachments (PDFs)

A PDF file contains a taxpayer's business document associated with a Maryland submission. The Reference Document ID attribute should link the attachments to the appropriate location on the tax return.

## What Cannot Be Transmitted Electronically

The following types of tax returns are excluded from MeF filing:

- Tax returns with power of attorney currently in effect, requesting a refund to be sent to a third party
- Original tax return filings that are duplicate of previously accepted returns
- Tax returns containing a W-2 Form that requires a federal statement record because of "Overflow" for Box 14, 15, 17, or 19
- Composite Returns
- Returns containing more than 100 Maryland Schedule K-1 (510)

An XML copy of the actual Federal income tax return as filed for the corresponding tax period may be transmitted with Maryland Form 502 and 505 electronic filings. When filing Amended tax returns (502X and 505X), revised IRS documentation can be transmitted as a PDF document and may be required.

## Additional Documents

Additional non-electronic documents that e-File MeF software **must** generate:

- Form EL101 – e-File Declaration for Electronic Filers
- Form PV – Payment Voucher for 502, 505, Estimated Tax payments and Extension requests

## Form EL101

EL101 e-File Declaration for Electronic Filers for an Original or Amended tax return serves the following purposes:

- Authenticates the electronic portion of the tax return
- Authorizes the ERO to electronically file the tax return on behalf of the taxpayer(s)
- Provides a signature document

To prepare the EL101, complete the taxpayer's name, address and social security number in the spaces provided on the form. The following areas may also need to be completed:

- Part I, Tax Return Information (whole dollars only) must be completed for either a refund or amount due. This must be the same as reported on the electronically filed tax return.
- Part II, Taxpayer declaration and signature authorization. Taxpayers must sign Part II using handwritten or alternative signatures (rubberstamp, mechanical device, such as signature pen, or Computer software programs). The taxpayer(s) signature(s) and date are required. The Electronic Return Preparer must obtain the signature(s) of the taxpayer(s) prior to electronically transmitting the tax return to Maryland.
- Part III, Declaration of ERO (paid tax preparer) must contain the originator's EFIN/PIN, signature and date.

If the Electronic Return Preparer changes the electronic tax data after the taxpayer signature has been obtained on Form EL101, but before transmission of the electronic tax return to Maryland, a new Form EL101 must be prepared and signed by the taxpayer(s).

However, a new Form EL101 is not necessary if:

- None of the amounts included on the EL101 are changed
- The total tax, Maryland withholding, or the refund fields differ from the corresponding amounts on the electronic tax return by less than \$14
- The total income amount differs from the corresponding amount on the electronic tax return by less than \$50
- Such changes are limited to corrections within the above tolerances for arithmetic errors, transposition errors, misplaced entries and spelling errors

## List of documents that need to be retained with Form EL101

- Letters of Administration and/or death certificate for decedent taxpayer
- Copies of Forms W-2, W-2G, 1099s, 1099G/MD and Maryland Schedule K-1 (510)s with Maryland withholding.
- Any Maryland supplemental forms or documentation not required to be attached with the tax return electronic submission

An ERO must complete the EL101 and have it signed by the taxpayer(s) before electronically transmitting their tax return. By transmitting the electronic portion of the tax return the ERO certifies that the EL101 has been completed.

The ERO must retain a signed copy of the EL101 with applicable attachments for 3 years. These forms will be subject to verification by Maryland. When requested, the ERO will be required to provide copies within 10 business days.

The EL101 may be transmitted electronically as a PDF. The suggested PDF name is **MDEL101.pdf**.

## Expected Values for the State Submission Manifest

<b><u>Form</u></b>	<b><u>Submission Type</u></b>	<b><u>Tax Year</u></b>
502	MD502	2020
502D	MD502D	2020
502E	MD502E	2020
505	MD505	2020
502X	MD502X	2020
505X	MD505X	2020

## Maryland Acknowledgments

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

**Rejected** – This acknowledgment indicates the electronic tax 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 and acknowledgment from Maryland with error message(s). The acknowledgment contains codes and error messages indicating that cause of the rejection. The error condition must be corrected and the tax return retransmitted as a “State Only” transmission.

An e-Filed tax return is not considered filed until it has been acknowledged by Maryland as Accepted.

Acknowledgment files received must be retained for one year after return transmission.

## **SECTION 3      Financial Transaction Information**

### **General Information**

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

### **Refund Returns**

Taxpayers have several options when entitled to a refund. A refund may be issued as a check, direct deposit or applied as estimated tax for the next year. Taxpayers may elect to have a portion of the refund applied as estimated tax for next year and the remaining amount issued as a check or direct deposit to checking or savings account(s) and/or savings bond purchase.

### **Direct Deposit**

The fastest and most efficient way to receive a refund is by direct deposit. The Comptroller of Maryland will make every attempt to process a direct deposit but reserves the right to issue a paper check if the direct deposit cannot be made. The Comptroller of Maryland does not guarantee a specific date that a refund will be deposited into a financial institution account and cannot issue written notices to taxpayers to confirm direct deposits.

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

By choosing direct deposit of refund and checking the appropriate box, the taxpayer authorizes the State of Maryland to disclose to the bank and NACHA any tax return information (such as taxpayer name and/or the name(s) as it appears on the bank account) to make the deposit.

A taxpayer may split his tax refund and may select up to 3 qualified bank accounts by completing Form 588, Direct Deposit of Maryland Income Tax Refund to More than One Account.

**After a Maryland e-Filed tax return has been accepted for processing, the financial information cannot be changed or rescinded.**

Taxpayers can check the status of their tax refund by going to [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and clicking on *Where's My Refund?* or by calling the automated refund inquiry hotline, toll-free 1-800-218-8160 or 410-260-7701. Advise taxpayers to wait at least 10 days from acceptance of their e-filed tax return before calling Taxpayer Services Division toll-free 1-800-638-2937 or 410-260-7980.

**Note: The Comptroller of Maryland is not responsible for a lost or misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance on the part of taxpayers, an ERO, a financial institution or any of their agents.**

## **Refund Anticipation Loans (RALs)**

A refund anticipation loan (RAL) is a loan based on the anticipated tax refund. **The Comptroller of Maryland does not support or prohibit RALs.** All parties to RAL agreements, including EROs, must ensure that taxpayers understand that RALs are interest-bearing loans.

**The Comptroller of Maryland is not responsible for any loss suffered by taxpayers, EROs or financial institutions due to processing delays, reduced refunds or direct deposits not being honored because a paper refund check was issued.**

If a taxpayer enters into a RAL agreement with an ERO, it is the ERO's responsibility to explain exactly how taxpayers may expect to receive their refund.

## Refund Delays

Advertised refund timelines should be conservative in the prediction of delivery dates. EROs must advise taxpayers of possible refund delays.

Delays may be caused when there are:

- Previous Maryland income tax liabilities
- Liabilities to any other Maryland state agencies
- Tax liabilities to other states
- Liabilities to the IRS or other federal agencies
- Previous Maryland return filings for the same year
- Discrepancies between the amount(s) of estimated payments claimed on the tax return and the amount posted to their account on file with Maryland
- Incorrect bank information provided for direct deposit

## Balance Due Returns

Individual income tax returns are due by April 15<sup>th</sup>. An income tax return filed for a fiscal year is due the 15<sup>th</sup> day of the fourth month following the close of the fiscal year. If a tax return due date falls on a Saturday, Sunday or legal holiday, the tax return must be filed the next business day.

Taxpayers filing and paying electronically (credit card, direct debit (electronic funds withdrawal)) have until April 30 to make their electronic payment. If taxpayers file electronically and pay by check or money order, the payment must be made by the tax return due date.

Payments can be made by Direct Debit (electronic funds withdrawal), Bill Pay (direct debit), and credit card through third party vendors Official Payments Corporation, NICUSA Inc., check or money order. If paying by check or money order, the Form PV should be included and mailed to:

**Comptroller of Maryland  
Payment Processing  
P.O. Box 8888  
Annapolis, MD 21401-8888**



## Electronic Funds Withdrawal (Direct Debit)

The Electronic Funds Withdrawal payment option should be made available to taxpayers who electronically file a balance due tax return at the time of transmission. An electronic funds withdrawal may be made from the taxpayers' checking or savings account.

To comply with banking rules, taxpayers are asked to indicate on the tax return if the state liability will be satisfied from funds from an account outside the United States (International ACH Transactions). Any electronic tax return received by Maryland that do not have the Not Foreign Bank checkbox selected (indicating it is not an IAT) will be rejected.

Taxpayers who file timely and pay electronically can choose a debit date up to April 30. Taxpayers who file and pay electronically after the due date must use a withdrawal date equal to the date of the tax return submission. A partial payment can also be made.

If incorrect bank routing or account numbers are provided, a notice of tax due, interest, and/or penalty for late payment(s) will be mailed.

## Bill Pay (Direct Debit)

Taxpayers may access the Comptroller of Maryland's online Bill Pay application at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) and initiate a direct debit payment from their checking or savings account. Those who filed a tax return electronically by the due date can select a payment date of April 30<sup>th</sup> or earlier. Taxpayers who file and pay electronically after the tax return due date must use a withdrawal date equal to the date of the tax return submission.

## Credit Card Payments

The credit card payment option is available to taxpayers who electronically file a balance due tax return.

Credit card payments can be made through Official Payments Corporation and NICUSA Inc.

## **Check or Money Order**

Form PV – Payment Voucher must be provided to taxpayers who electronically file a balance due tax return and pay by check or money order. This form should be submitted with remittance by the due date of the tax return to:

**Revenue Administration Division  
P.O. Box 8888  
Annapolis, MD 21401-8888**

## **SECTION 4 Responsibilities of EROs, Transmitters, and Software Developers**

### **Confidentiality**

Under Section 13-1019 of the Maryland Tax General Article: "Any Income Tax Return Preparer who discloses information in violation of Section 13-207 of this title is guilty of a misdemeanor and, on conviction, is subject to a fine of not less than \$500 or not 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 and must maintain a high degree of accuracy and integrity to participate. Failure to comply will lead to suspension.

### **Transmitters**

Transmitters must follow all instructions in this publication and the Maryland MeF Test Package. Acknowledgment files received must be retained for one year after transmission and may be retained electronically.

Transmitters who send a Federal/State tax return(s) must pass testing to ensure they have the ability to transmit tax returns and retrieve state acknowledgments. The e-File Help Desk should be contacted by email prior to submitting their test returns and after they have successfully transmitted tests and retrieved acknowledgments.

Transmitters must transmit tax returns, retrieve acknowledgments in a timely manner (within two days of receipt), and ensure security of all data.

Failure to comply will lead to suspension.

## Software Developers

Software Developers must test that their software adheres to schemas and business rules. Testing also ensures successful tax return transmission and acknowledgment retrieval. Software Developers should contact the e-File Help Desk by email prior to submitting their test returns and after they have successfully transmitted tests and retrieved acknowledgments.

Software product issues causing rejections should be quickly corrected and updates distributed promptly to users.

Failure to comply with any of these requirements will lead to suspension.

## Timeliness of Filing

When a due date falls on a Saturday, Sunday or legal holiday, the tax return must be filed the next business day.

Electronic Filers must ensure tax returns are filed timely. The electronic postmark bearing the date and time, GMT time format (in the Transmitter's time zone) created by the Transmitter will determine the timeliness. In order for the taxpayer to properly receive credit for a timely submission, a resubmitted tax return must include both State Original Submission ID Date and State Original Submission Id. This will help Maryland with automated processing and will make it easier to do additional research, if necessary. Any tax return not acknowledged as Accepted is not considered filed.

An original filing must be submitted within 72 hours of receiving the initial taxpayer information. If the preparation, collection or submission procedures result in delays, the taxpayer must be promptly notified.

Rejected tax returns must be resubmitted within 5 business days of receiving acknowledgment.

## Amended Returns

After an original electronic tax return is acknowledged as Accepted, it cannot be recalled, intercepted or changed. To change an entry on an accepted electronic tax return, an Amended electronic or paper tax return must be filed. A copy of the revised or amended federal tax return must be included with Forms 502X and 505X by XML or PDF attachment.

## **Resubmission of Rejected Returns**

The ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours, if a tax return is rejected.

The retransmitted tax return must be filed by the later of the due date of the tax return or 5 business days after rejection.

It is the responsibility of the ERO to ensure that every tax return or report filed electronically is acknowledged as Accepted. If an electronic acknowledgment has not been received within 48 hours of Maryland's retrieval, the ERO should contact the e-File Help Desk.

If the electronic tax return cannot be corrected and retransmitted, a paper return should be filed and taxpayer informed. To be considered timely it must be filed by the later of the due date of the tax return or 10 business days after rejection. If filing a paper tax return after the due date, an explanation or copy of rejected tax return should be attached to the front of the tax return.

Maryland e-File privileges may be revoked for failure to provide timely correction of rejected tax returns.

## **Advertising Standards**

Electronic filers are required to comply with the advertising media communication and endorsement restrictions specified in the IRS Revenue Procedure for Electronic Filing of Individual Income Tax Return, Publication 1345 as it applies to Maryland.

Acceptance into the 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 that their acceptance into the Maryland e-file program does not constitute an approval or endorsement by the Comptroller of Maryland and the quality of tax preparation services. No advertisement may state or infer that electronic filing changes in any way the tax return filing, payment or legal obligations of the taxpayer. Advertised refund timeliness should be conservative.

## Monitoring

Maryland will monitor the quality of filer transmission. If quality deteriorates, the electronic filer will receive a warning and in extreme cases, a letter suspending them from the e-File program. Maryland will inactivate the EFIN and further processing of e-Filed tax returns will be suspended.

All Electronic filers are expected to place taxpayers first in providing tax return preparation and transmission services. Taxpayers must always have convenient access to their tax returns regardless of changes in business names, location addresses, telephone numbers, organization or personnel. This includes but is not limited to access to the current status of the tax return and access to organization representatives to resolve any questions or concerns.

Maryland will advise electronic filers of problems originating in its branch offices. If there are repeated or continuing problems, the "parent" electronic filer will be required to drop that office from the e-File program. Failure to take corrective action will lead to the initiation of suspension against the "parent" electronic filer. When suspension is initiated, it will apply to all tax returns filed by an electronic filer including all branches.

## Suspension

Maryland reserves the right to suspend or revoke e-Filing privileges of any electronic filer who does not adhere to the requirements and specifications contained in the Maryland MeF e-File Handbook for Authorized e-File Providers.

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

- 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 any other Maryland agencies
- If your company fails to adhere to the Maryland e-File Program requirements, business rules and schemas
- If your company has a high rejection rate
- If your company uses unethical practices in tax return preparation

## **Administrative Review**

All EROs, Software Developers or Transmitters who have been denied or suspended from participation in the Maryland 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: e-File Appeal

P.O. Box 1829

Annapolis, MD 21404-1829

## SECTION 5      Software Design Information

### Developer Responsibilities

Software Developers are required to:

- Develop tax preparation software in accordance with statutory requirements and Maryland tax return preparation instructions
- Provide accurate Maryland income tax returns in correct electronic format for transmission
- Provide ability to produce a printed copy of the completed electronic tax return filing with Form EL101 which includes a “**Do Not Mail**” watermark on the printed forms
- Provide Form PV to customers who have a balance due on Forms 502, 505, Estimated payments and Extension requests and are not paying by direct debit
- Provide data validation, verification, and error detection within their software to prevent transmissions of incomplete, inaccurate or invalid tax return information
- Prevent electronic filing of any form not approved by Maryland
- Provide accurate and timely acknowledgments to the tax return filer

**Maryland strongly encourages the support of binary attachments (PDFs) to attach required documentation and certifications with tax returns.**

### General Information

Maryland will accept:

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



**Linked** – A Maryland tax return can be linked to the IRS submission by including the Submission ID of the federal tax return (IRSSubmissionId) in the State manifest (StateSubmissionManifest). If the State submission is linked, the IRS will check to see if there is an accepted IRS submission with that Submission ID. If there is no an accepted federal tax return, the IRS will deny the State submission and an acknowledgement will be sent. If there is an accepted federal tax return, the IRS will validate certain elements of the State submission and provide it to Maryland.

**Unlinked** – If the Maryland tax return is not linked to a previously accepted federal tax return, the MeF system will validate certain elements of the state submission to Maryland.

**Note: The IRS recommends if a state submission is linked to an IRS submission, send the IRS submission first and after acceptance, send the state submission.**

Each tax return must be enclosed in a separate submission and multiple submissions may be contained in a single message. Data elements should be transmitted 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 Maryland schemas. Detailed requirements for decimal placement in ratios and percentages are located within the Maryland schema.

## **Schemas and Business Rules**

All Maryland state schemas and business rules are available on the FTA SES. The schema and business rules include information on field type, field format, length, repeating group, and other edits. Developers should apply business rules to the appropriate data elements in the XML schema.

## Returns Form Sequence

<b>Form 502</b>	<b>Form 505</b>	<b>Form 502X</b>	<b>Form 505X</b>
502	505	502X	505X
502B	505NR	502B	505NR
502SU	502B	502SU	502B
588	505SU	502CR	505SU
502CR	588	502R	502CR
502R	502CR	502UP	502UP
502UP	502UP	1099G/MD	1099G/MD
1099G/MD	1099G/MD	502INJ	502INJ
502INJ	502INJ	500CR	500CR
500CR	500CR	502S	502S
502S	502S	500DM	500DM
500DM	500DM	Sch K-1 (510)	Sch K-1 (510)
Sch K-1 (510)	Sch K-1 (510)	502V	502V
502V	502V	W-2	W-2
W-2	W-2	W-2G	W-2G
W-2G	W-2G	1099-R	1099-R
1099-R	1099-R	1099-MISC	1099-MISC
1099-MISC	1099-MISC	1099-INT	1099-INT
1099-INT	1099-INT	1099-DIV	1099-DIV
1099-DIV	1099-DIV	1099-B	1099-B
1099-B	1099-B	1099-OID	1099-OID
1099-OID	1099-OID	1099-K	1099-K
1099-K	1099-K	1099-NEC	1099-NEC
1099-NEC	1099-NEC		

## Acknowledgments

Maryland will always send state acknowledgments for test and production tax returns. Transmitters and Software Developers should contact the e-File Help Desk if the Maryland acknowledgment has not been made available within 3 business days after the Maryland tax return receipt was provided.

## **SECTION 6      Software Vendors Testing and Approval Information**

### **System Operation**

When Maryland tax returns are made available by the IRS, they are retrieved and then processed through the state e-File validation program. All tax returns will be acknowledged to the transmitter as Accepted or Rejected. A Rejected tax return will be acknowledged along with error messages. All Accepted tax returns are released to the accounting system.

### **Software Acceptance and Testing**

All tax software preparation and transmission software developers are required to test with Maryland to ensure their software adheres to Maryland schemas, successful transmission and receipt of acknowledgments.

Maryland testing is tentatively scheduled to begin in November for tax year 2020 in conjunction with the IRS. The MeF Test Package may be found on FTA SES. Software Developers may submit test returns through 2021 until the IRS MeF test system shuts down. After March 31, 2021, the e-File Help Desk will not assist with testing and will not issue final approvals.

## Software Vendors Final Approval

Software Developers must transmit all test returns in one submission without errors, for final approval.

The following non-electronic documents must be submitted before final approval by email: [efil@marylandtaxes.gov](mailto:efil@marylandtaxes.gov)

- Form EL101 - e-File Declaration for Electronic Filing
- Form PV - Payment Voucher for Forms 502, 505, Estimated tax payments and Extension requests
- A copy of the acknowledgment received for your final tests
- A screenshot displaying your software's link to Maryland Voter Registration website
- The following screenshot of this consent language:

### **For Do-It-Yourself software:**

*By using a computer system and software to prepare and transmit tax return(s) electronically, I consent to the disclosure of all information pertaining to my use of the system and software to the **Comptroller of Maryland**, as applicable by law, and to the transmission of my tax return(s).*

### **For Tax Professional software:**

*By using a computer system and software to prepare and transmit my client's tax return electronically, I consent to the disclosure of all information pertaining to my use of the system and software to create my client's tax return and to the electronic transmission of my client's tax return to the **Comptroller of Maryland**, as applicable by law.*

A software developer successfully completing the state testing process will receive an approval letter by email.

# ATTACHMENTS

## Attachment 1

### Maryland Counties, Incorporated towns, Cities and special taxing areas, Two Letter Abbreviations and 2020 Local County Tax Rates.

<b><u>County and/or Incorporated Cities</u></b>	<b><u>Abbreviation</u></b>	<b><u>Rate</u></b>
ALLEGANY COUNTY	AL	.0305
ANNE ARUNDEL COUNTY	AA	.0281
BALTIMORE COUNTY	BL	.0320
BALTIMORE CITY	BC	.0320
CALVERT COUNTY	CV	.0300
CAROLINE COUNTY	CL	.0320
CARROLL COUNTY	CR	.0303
CECIL COUNTY	CC	.0300
CHARLES COUNTY	CH	.0303
DORCHESTER COUNTY	DR	.0320
FREDERICK COUNTY	FR	.0296
GARRETT COUNTY	GR	.0265
HARFORD COUNTY	HR	.0306
HOWARD COUNTY	HW	.0320
KENT COUNTY	KN	.0320
MONTGOMERY COUNTY	MG	.0320
PRINCE GEORGE'S COUNTY	PG	.0320
QUEEN ANNE'S COUNTY	QA	.0320
ST. MARY'S COUNTY	SM	.0317
SOMERSET COUNTY	SS	.0320
TALBOT COUNTY	TB	.0240
WASHINGTON COUNTY	WH	.0320
WICOMICO COUNTY	WC	.0320
WORCESTER COUNTY	WR	.0225

## Attachment 2

### Allowable Dependent Relationships and Abbreviations

<b><u>Relationship</u></b>	<b><u>Abbreviation</u></b>
Child	CH
Grandchild	GC
Grandparent	GP
Parent	PT
Brother	BR
Sister	SR
Aunt	AT
Uncle	UL
Nephew	NP
Niece	NC
Son	SN
Stepson	SS
Daughter	DT
Stepdaughter	SD
Foster Child	FC
None	NN
Other	OT

**Note: When indicating the individual relationship on Form 502B, use the above abbreviation table for relationship identification.**

## Attachment 3

### Deduction Methods

#### Resident Return Deduction Method – N

The letter "N" is entered in the "Deduction Method" field instead of "S" or "I" to indicate a special "Non-Taxable" tax return (less than the minimum-filing requirements). If Line 42 (refundable earned income credit) is present, Line 22 and 29 must also be present. Lines 17, 18 and 20 are the only lines that are not validated.

Contributions to the Chesapeake Bay and Endangered Species Fund, Developmental Disabilities Services and Support Fund, Maryland Cancer Fund and Fair Campaign Financing Fund may be entered on Lines 35-38 even when the Deduction Method is "N".

#### Nonresident Deduction Method – N

The letter "N" is entered in the "Deduction Method" field instead of "S" or "I" to indicate a special "Non-Taxable" tax return (less than the minimum-filing requirements).

Line 26a is the only line that is not validated.

Contributions to the Chesapeake Bay and Endangered Species Fund, Developmental Disabilities Services and Support Fund, Maryland Cancer Fund and Fair Campaign Financing Fund may be entered on Lines 38-41 even when the Deduction Method is "N".

**Note:** For Maryland Taxes Withheld in error nonresident tax returns – Form505/WithheldInError must be equal to "X", Form505/DeductionMethod should be "S", all Federal and NonMaryland information must be populated in Column 1 and 3 with Column 2 blank, and amount from Line 21 (FAGI plus Maryland Additions) must be entered on Line 24 (Total Subtractions). Line 24 is not validated.

## Attachment 4

### State and Local Wages/Tax

The federal W-2 paper forms received by taxpayers from employers may sometimes differ in the way Maryland withholding is reported.

Maryland will honor state and local income tax withheld and state wage entries when the state name is "MD" in one entry only; otherwise, the W-2 will be disregarded for withholding purposes.

## Attachment 5

### State Retirement Pickup Amount

**"STPICKUP"** (State Retirement Pickup) represents the amount withheld for the Maryland State Retirement Fund. This amount is not taxable for Federal purposes, but taxable for Maryland purposes and is an "Addition to Income" on the Maryland Income Tax Return. The value should be reported on the Form W-2 in box 14 (other deductions/benefits amount) with the literal "STPICKUP" (other deductions/benefits type). The validation for the "STPICKUP" amount follows:

- If greater than zero, the total of the state pick-up amounts on all W-2s must be equal to the amount on Line 3 of Maryland Form 502 or must be included on Line 19 of Maryland Form 505 with the letter "G" in the code letter box



## Attachment 6

### **Exception Codes for Resident Form 502 and Nonresident Form 505**

200 – Injured spouse

221 – Married Filing Separately or Head of Household claiming spouse exemption

247 – Retransmission of previously rejected state e-File tax return

300 – Farmers and Fishermen

301 - Uneven income distribution exempt from UP interest

302 - Income taxable by another state exempt from UP interest

321 – Decedent

322 – Decedent dependent child without SSN

#### **506 - \*\*Used when amounts were withheld for nonresident sale of property**

588 – Splitting Direct Deposit into multiple bank accounts

912 – Combat Zone

333 – Tax returns for Multiple Years Filed at the same time

**Note: \*\*If code is highlighted, it is used only for the Nonresident Form 505**