Electronic Filing Handbook
"ERO Manual"
Tax Year 2011

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Final Version

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Electronic Filing Program
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Attention: Not all software companies support all options, features, forms, etc. of the Arizona Department of Revenue's E-File program.
Please contact your software vendor for specific details.

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Tax Year 2011 Highlights and Reminders

Extra Time for Filing 2011 Returns – Taxpayers have extra time to file and pay for 2011 because April 15, 2012 is a Sunday and April 16, 2012 is a legal holiday in Washington DC. This means that 2011 calendar year tax returns are due no later than midnight, **April 17, 2012**.

Standard Deduction – the standard deductions changed for tax year 2011:
Single and Married Filing Separate = **$4,703**
Head of Household and Married Filing Joint = **$9,406**

New Line on Tax Form for "Unpaid Arizona Use Tax" - Arizona will begin collecting unpaid Arizona Use Tax on the 140 series tax forms.

Preparer Registration -Preparers and Electronic Return Originators (ERO) are not required to submit a separate registration to e-file with Arizona. Arizona accepts the IRS approval.

Single Extension Period - Arizona has a single 6 month extension to mirror the federal extension. The extension is valid until October 15, 2012.

Nonresidents Must Prorate the Standard Deduction – Nonresident individuals, who claim the standard deduction, must prorate the deduction by the percentage which the taxpayer's Arizona gross income is of the taxpayer's federal adjusted gross income.

FORM 204-E – Application for Filing Extension - Arizona allows for electronic filing of extension applications. Form 204 also allows for the extension payment via direct debit. This request can only be transmitted as a State-Only Return.

Split Refund Option - Unlike the IRS, Arizona does not support the split-refund option.

AZ8453 & AZ8879 - These forms feature a section where financial data will be displayed whenever a direct debit/direct deposit is elected. The section includes:

- Type of account
- Routing number
- Account number
- Direct debit date
- Direct debit amount

These documents are not to be submitted to the Department; rather they are to be retained along with any supporting documentation for a period of four years after transmitting the return.

Taxpayers may elect a future direct debit date if the return is transmitted before April 17. That "Future Date" may not exceed April 17. If a "Future Date" is not elected or when a return is transmitted on or after April 17, this date is to default to the Date of Return. If a non-banking day is selected, the withdrawal will occur on the next banking day.

Credit Forms CR308-I may be efiled as a *non-refundable* credit. Refundable credits using CR308-I and CR342 **must** be filed on paper.

Multiple Copies of Series 300 Credit Forms - Transmission of multiple copies of all credit forms (series 300) is allowed when there is not enough space to list all of the necessary information on a single copy of the form. For example, many taxpayers donate to more than two public schools. When more than two schools need to be listed, a second (or more) occurrence of Form 322 should be included in the transmission. The same is true for any other credits claimed.

Alerts and Information - In order to receive updates and notices you will need to supply an email address. This is done by sending an email to E-fileAlert@azdor.gov. Please put "subscribe" in the message subject. To discontinue receiving the alerts, send an email to E-fileAlert@azdor.gov and put "unsubscribe" in the message subject.

Participant Acceptance Testing - Annually, the Arizona Department of Revenue requires software developers' products to be tested and approved prior to the implementation of their software applications. While the Arizona Department of Revenue strives to approve software applications in a timely fashion, occasionally a vendor's test will need to be reviewed more than once to assure that standards are met. This, combined with a late submission of test materials, may cause delays in software vendors providing their services to you. To avoid such delays, the Arizona Department of Revenue encourages software vendors to submit their programs in a timely fashion, so the approval process can be completed prior to the beginning of the live e-file transmission date.

2012 Arizona E-File Calendar

For Tax Period January 1 – December 31, 2011

Transmission of live IRS E-File returns begins .....January 14, 2012
Last date for timely filed returns ..... April 17, 2012
Last date for retransmitting rejected timely filed returns ..... April 23, 2012
Last date for transmitting late or returns on extension .....October 15, 2012
Last date for retransmitting rejected late or returns on extension .....October 20, 2012

2012

January

Su	M	Tu	W	Th	F	Sa
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15	16	17	18	19	20	21
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29	30	31				

February

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March

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25	26	27	28	29	30	31

April

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29	30					

May

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27	28	29	30	31		

June

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July

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29	30	31				

August

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September

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30						

October

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28	29	30	31			

November

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December

Su	M	Tu	W	Th	F	Sa
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Holiday **Limited Staff**

SECTION 2 – Federal/State Electronic Filing Program

The Arizona Department of Revenue participates in the Federal/State Electronic Filing Program. The program allows federal and state returns to be transmitted simultaneously. Data relevant to both federal and state returns requires only one entry, thus saving time and reducing the potential for error.

Use of approved software by the Preparer or taxpayer is essential to assure the accurate transmission of the return data. A list of approved software developers is available on the Department of Revenue's web site: **www.azdor.gov**.

SECTION 3 – Program Acceptance

Arizona participates solely in the Federal/State Electronic Filing Program. Thus, if you have been approved by the IRS for electronic filing of individual income tax returns, you are automatically approved to e-file with Arizona and no further action is required to participate in the Arizona E-File Program.

Identification Numbers - The Arizona Department of Revenue uses the same EFIN or ETIN assigned to you by the IRS.

Testing Requirements - Preparers, EROs, and Transmitters are not required to participate in the Arizona Participants Acceptance Testing (PATS). Only software application developers are required to pass Arizona testing before releasing software. For a list of approved software, please visit our website at **www.azdor.gov**.

SECTION 4 – Return Type s and Forms

Return Types and Forms Available for Electronic Filing - Both refund and payment due returns may be filed electronically. The primary personal income tax returns available for electronic filing are:

- 140 Resident Personal Income Tax Return
- 140A Resident Personal Income Tax Return (Short Form)
- 140EZ Resident Personal Income Tax Return (EZ Form)
- 140PY Part-Year Resident Personal Income Tax Return
- 140NR Nonresident Personal Income Tax Return

Supporting forms available for electronic filing

- Schedule A Federal Form 1040 Schedule A, Itemized Deductions
- 140 Schedule A State 140, Schedule A Itemized Deduction Adjustment
- Schedule A(PY) Itemized Deductions for Part Year Resident
- Schedule A(PYN) Itemized Deductions for Part Year Resident with Nonresident Income
- Schedule A(NR) Itemized Deductions for Nonresident
- Form 202 Personal Exemption Allocation Election
- Form 221 Underpayment of Estimated Tax by Individuals

Tax credit forms available for electronic filing

- 301 Nonrefundable Individual Tax Credits and Recapture
- 302 Defense Contracting Credit
- 304 Enterprise Zone Credit
- 305 Environmental Technology Facility Credit
- 306 Military Reuse Zone Credit
- 307 Recycling Equipment Credit
- 308-I Credit for Increased Research Activities - Individuals
- 309 Credit for Taxes Paid to Another State or Country (retain copy of other state return in your records)

310 Credit for Solar Energy Devices
312 Agricultural Water Conservation System Credit
315 Pollution Control Credit
319 Credit for Solar Hot Water Heating Plumbing Stub Outs and Electric Vehicle Recharge Outlets
320 Credit for Employment of TANF Recipients
321 Credit for Contributions to Charities That Provide Assistance to the Working Poor
322 Credit for Contributions Made or Fees Paid to Public Schools
323 Credit for Contributions to Private School Tuition Organizations
325 Credit for Agricultural Pollution Control Equipment
331 Credit for Donation of School Site
332 Credit for Healthy Forest Enterprise
333 Credit for Employing National Guard Members
334 Credit for Motion Picture Production Costs
336 Credit for Solar Energy Devices -- Commercial and Industrial Applications
340 Credit for Donations to the Military Family Relief Fund

Decedent Returns - Arizona accepts decedent returns electronically from the surviving spouse who is using the "Married Filing Joint" filing status. **To claim a refund**, if applicable, Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*, must accompany the e-filed joint return. The death certificate is **NOT** required as an attachment, but must be kept for tax records. A zero/even balance or a balance due decedent return is also accepted. Taxpayers may use either the Practitioner PIN or the Self-Select PIN electronic signature, with the decedent's return when filing the IRS and AZDOR returns together.

Exclusions from Electronic Filing - The following forms and schedules are **excluded** from this year's Arizona E-File program:

- Forms not listed under "Return Types Available for Electronic Filing"
- Any year other than Tax Year 2011
- Non-calendar year returns
- State returns having a different "Federal Adjusted Gross Income" than that provided on the federal return
- Amended returns
- Fiduciary Returns
- State-Only returns for which a federal return was not completed
- Electronic signatures on State-Only returns

SECTION 5 – Signing the Return and Records Retention

Signing the Electronic Return - The Arizona Individual income tax return can be signed using either Form AZ-8453 (paper signature) or an Electronic Signature (self-selected PIN). The requirements for each signature type are:

Electronic Signature - Arizona's electronic signature laws for E-File require the accompanying federal return be electronically signed. **The electronic signature is prohibited on State-Only returns because there is no accompanying federal return.**

Form AZ-8879, *E-File Signature Authorization Form* - In some cases a taxpayer may wish to electronically sign the state return, but are unavailable to return to the Preparer's office to sign the electronically prepared state return. These taxpayers may be provided the option to authorize the Preparer to enter their election by signing a completed E-File Signature Authorization Form. This document must be retained by the Preparer for a period of four years from the time the return is filed.

The Preparer (or taxpayer when filing from a PC) must retain the signed AZ-8453 or AZ-8879 and required attachments for a period of four years after transmitting the return. These documents must be available for inspection and examination at any reasonable time by the Director or his duly appointed representative.

The following documents must be retained with the AZ-8453 or AZ-8879 and retained by the Preparer for a period of four years from the date of transmission of the return:

A) The State copy of all W-2 and 1099 Forms identifying Arizona Tax Withheld
B) Informational documents and worksheets included by the taxpayer as supporting material
C) A copy of the first and second page of the Arizona Return when a paid preparer, *other than the ERO*, prepares and signs the return.

Taxpayer Copies and Record Retention - The preparer is obligated to provide the taxpayer with complete paper copies of the signed form AZ-8453 and /or signed form AZ-8879, its attachments, a hardcopy of the Arizona Tax Return and its supporting worksheets/schedules. However, the copies need not contain the social security number of the paid preparer.

The Preparer should advise the taxpayer to retain a complete copy of the return and any supporting material for a minimum of four years. The Preparer is required to retain the signed form AZ-8453 and/or signed AZ-8879, as well as a copy of the completed return, attachments and all materials for four years from the date that the return was filed, unless the Preparer is a VITA or TCE site, in which case, the taxpayer will retain their own copies of the form for 4 years.

SECTION 6 – Transmission Process

The Arizona Department of Revenue begins accepting transmissions the same day as the IRS and continues to accept them through the IRS's "Re-transmitting rejected, late or returns on extension from filed Forms 2688."

The Arizona E-File Program works best when the Federal and State returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the Internal Revenue Service validates and verifies the federal return data. The IRS either accepts or rejects the federal return. The Arizona return is only available to the Department of Revenue ***after*** the federal return is accepted by the IRS.

If the federal return has already been accepted and the state return has not been accepted, the state return may be re-transmitted as a State-Only Return if this action is supported by the filer's software.

Failed Transmissions - Transmission of the state return may fail even when the federal portion is accepted and acknowledged by IRS. If this occurs, the state return can be retransmitted (E-Filed) as a State-Only return. The absence of the **state** acknowledgement within a reasonable time period, usually within 5 days, is an indication of a potentially failed transmission. If this occurs, call 602-716-6912 or 602-716-6348 for assistance.

In the event that a failed transmission resulted for the Arizona return, the filer has the option to re-transmit the return as a State-Only return or mail the state return (paper copy) to:

For those expecting a refund or paying no tax:
Arizona Department of Revenue
PO Box 52138
Phoenix, Arizona 85072-2138

Refund return with a barcode:
Arizona Department of Revenue
PO Box 29205
Phoenix, AZ 85038-9205

For returns with payment:
Arizona Department of Revenue
PO Box 52016
Phoenix, Arizona 85072-2016

Payment return with a barcode:
Arizona Department of Revenue
PO Box 29204
Phoenix, AZ 85038-9204

SECTION 7 – State Acknowledgements

The Department of Revenue participates in the Federal/State E-File Acknowledgement Program. It is not necessary to sign-up with a separate provider to receive your Arizona acknowledgements. Arizona acknowledgement types include:

Accepted - This acknowledgement indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is forthcoming regarding the transmission.

Rejected - This acknowledgement indicates the electronic return was received and failed to successfully complete the pre-entry validation process. The acknowledgement will contain a code indicating the error causing the rejection. The error condition must be corrected and the return can then be re-transmitted as a "State-Only" or corrected and submitted as a paper return.

Handling a Rejected Return - Please follow your software instructions to send only the state tax return through the E-File Program. All current exclusions apply. If the electronically filed Arizona return cannot be re-transmitted, the Preparer must submit a paper tax return to the Arizona Department of Revenue. When submitting paper returns make sure to:

Staple the signed Form AZ-8453 to the back of paper return along with all supporting documents including wage statements. If the taxpayer attempted to use an IRS PIN, federal Form 8879 must be substituted for a copy of the Form AZ-8453.

In red ink, clearly write the DCN at the top of paper return and mail all materials to:

For those expecting a refund or paying no tax:
Arizona Department of Revenue
PO Box 52138
Phoenix, Arizona 85072-2138

Refund return with a barcode:
Arizona Department of Revenue
PO Box 29205
Phoenix, AZ 85038-9205

For returns with payment:
Arizona Department of Revenue
PO Box 52016
Phoenix, Arizona 85072-2016

Payment return with a barcode:
Arizona Department of Revenue
PO Box 29204
Phoenix, AZ 85038-9204

The Preparer is responsible for notifying the taxpayer that a paper return was filed with the Arizona Department of Revenue. When the Preparer advises the taxpayer that the return has not been filed, the Preparer must provide the taxpayer with the rejection code(s) accompanied by an

explanation. If the taxpayer chooses not to have the electronic portion of the return corrected and transmitted to the Arizona Department of Revenue or if it cannot be accepted for processing by the Arizona Department of Revenue, the taxpayer must file a paper return. In order to be filed timely, the paper return must be filed no later than the due date of the return or ten calendar days after the date the Arizona Department of Revenue gives notification that the electronic portion of the return is rejected or that it cannot be accepted for processing. The paper return should include an explanation of why the return is being filed after the due date.

The Arizona Department of Revenue, through the Office of Electronic Filing, provides assistance for electronic transmitters and preparers who are experiencing problems. For assistance with problems relating to the electronic file portion of the Arizona return call 602 716-6912 or 602 716-6348. For taxation inquiries or refunds, call 602 255-3381 (or 800 352-4090 elsewhere in Arizona).

A taxpayer **should not** be given the telephone number for the Office of Electronic Filing. This telephone line is reserved for use by businesses that have been accepted into the electronic filing program. For general tax inquiries or to check the status of a refund, taxpayers may call 602 255-3381 (or 800 352-4090 elsewhere in Arizona).

SECTION 8 – Return Processing

Return Processing / Notices Generated - Errors may be identified on Arizona returns when the return enters the tax return processing cycle at the Arizona Department of Revenue. These errors will be handled through the Arizona Department of Revenue error resolution process. Some errors that might be identified are duplicate filings, duplicate Social Security Numbers, computation errors, debt offsets on refunds, etc. If errors occur on the Arizona return during the error resolution process, in most cases, the Arizona Department of Revenue will communicate directly with the taxpayer. Transmitters will not be given information about the tax return other than acknowledgment of receipt through the Arizona Department of Revenue acknowledgment system. The error resolution procedures to manage such items are common for both E-File and paper returns.

Refund Returns - Taxpayers may elect to have their refunds directly deposited to their checking or savings account when electronically filing. If a refund cannot be directly deposited into an account, the Arizona Department of Revenue will issue a paper check. If the direct deposit option is not chosen, the refund check is mailed to the taxpayer. Taxpayers may choose to have all or part of their refund applied to their 2012 estimated tax or donate to funds designated on the return. The Arizona Department of Revenue is not responsible when a financial institution refuses a direct deposit.

Refund Delays - While most refunds will be issued in as little as seven (7) days, delays can occur. Taxpayers are advised to wait at least two (2) weeks from the date of the acknowledgment before calling or writing the Arizona Department of Revenue to inquire about the status of a refund check. To inquire about a refund, call 602 255-3381 (800 352-4090 elsewhere in Arizona).

Refund Anticipation Loans - If you offer refund anticipation loans, be aware Arizona will "offset" a refund to satisfy obligations owed to the state or another qualifying entity, such as the IRS. It is the responsibility of the Refund Anticipation Loan originator to ask the taxpayer if an offset might occur.

Refund Offsets - If either a taxpayer or their spouse owe money to the Arizona Department of Revenue or another agency, the amount owed may be deducted from their expected refund. The Arizona Department of Revenue offsets as much of the refund as is needed to pay off overdue taxes owed by taxpayers and notifies them when this occurs. The Debt Set-Off Office also offsets

taxpayer refunds to pay off past-due child support or Federal agency debts, such as student loans. Offsets to non-tax debts occur after the Arizona Department of Revenue has certified the refunds and before making the Direct Deposits or issuing the paper checks. Refund offsets reduce the amount of the expected Direct Deposit or paper check and will delay the issuance of the remaining refund (if any) after offset. If taxpayers owe non-tax debts, they may contact the agency they owe, prior to filing their returns, to determine if their debts were submitted for refund offset. The Arizona Department of Revenue cannot determine prior to the filing of a return whether refunds will be offset for non-tax debts. The Arizona Department of Revenue sends taxpayers offset notices if any part of their refund is applied to non-tax debts. Taxpayers should contact the agencies identified in the offset notice when offsets occur if they dispute the non-tax debts or have questions about the offsets.

Non-Receipt of Refunds - A paper refund check (warrant) can be expected to be issued within 10 to 14 days from the date an electronic return is accepted by the Arizona Department of Revenue. An electronic refund –Direct Deposit- can be expected to be issued in as little as 7 days from the date an electronic return is accepted. Certain account information such as the status of a refund is available while an electronic return is being processed by calling the Arizona Department of Revenue's Taxpayer Information and Assistance (TIA) at 602 255-3381 (800 352-4090 elsewhere in Arizona).

SECTION 9 – Amended Returns

An electronic return cannot be amended electronically. Arizona Form 140X must be completed and submitted as a paper return when amending either a paper or electronic return. Amended returns as well as original paper (not electronically filed) returns are to be mailed to:

Tax Preparers must advise the taxpayer that an amended return, if needed, must be filed as a paper return and mailed to:

For those expecting a refund or paying no tax:
Arizona Department of Revenue
PO Box 52138
Phoenix, Arizona 85072-2138

For returns with payment:
Arizona Department of Revenue
PO Box 52016
Phoenix, Arizona 85072-2016

SECTION 10 – Mailing Addresses & Assistance

Form AZ-140V *Payment Voucher for Electronic Filing* - The taxpayer submits the payment together with the AZ- 140V to the Arizona Department of Revenue at:

Arizona Department of Revenue
PO Box 29085
Phoenix, AZ 85038-9085

Paper or Amended Return Addresses - Amended returns as well as original paper (not electronically filed) returns are to be mailed to:

For those expecting a refund or paying no tax:
Arizona Department of Revenue
PO Box 52138
Phoenix, Arizona 85072-2138

For returns with payment:
Arizona Department of Revenue
PO Box 52016
Phoenix, Arizona 85072-2016

Refund return with a barcode:
Arizona Department of Revenue
PO Box 29205
Phoenix, AZ 85038-9205

Payment return with a barcode:
Arizona Department of Revenue
PO Box 29204
Phoenix, AZ 85038-9204

Assistance and Inquiries

Tax Professional Services

Website - www.azdor.gov
Tax Practitioner Hotline - 602-542-2132 – Refund, General and Billing Inquiries
Preparer Help Line - 602-716-6912 and 602-716-6348 – Transmissions, Acknowledgment /Reject Inquiries
Preparer Email Address - efile@azdor.gov

Taxpayer Inquiries

Website - www.azdor.gov
Refund Information - 602-255-3381 (800-352-4090 elsewhere in Arizona)
General Information - 602-255-3381 (800-352-4090 elsewhere in Arizona)
Taxpayer Assistance - 602-255-3381 (800-352-4090 elsewhere in Arizona)
Hearing Impaired - 602-542-4021 (800-397-0256 elsewhere in Arizona)

SECTION 11 – ERO Responsibilities

In order to continue participation in the Federal/State E-File Program, EROs and transmitters are required to maintain a high degree of integrity, compliance and accuracy. Continued acceptance in the E-File program will be based on, but not limited to, the following:

- Comply with the requirements and specifications set forth in IRS Publications 1345, 1346, 1347, 1683 and Arizona Handbook, AZ-1345.
- Be in good standing with IRS. Rejection or suspension from the program by IRS automatically results in like action at the state level.
- Continued timely and accurate filing and payment of all applicable Arizona personal and business taxes.
- Electronic returns are to be transmitted/filed in a timely manner. Acknowledgement of the state return should be confirmed before considering the state return to be filed.
- Retaining all tax return documentation in the taxpayer's file for the required term.
- Timely and complete submission of the Form AZ-8453 *Arizona Individual Income Tax Declaration for Electronic Filing* and required attachments when stipulated.
- Continued distribution/use of approved software.
- Reputable conduct. Facts or conduct of a disreputable nature that could reflect adversely on the program will result in suspension.
- Proper Filing. Purposeful submission of fraudulent return(s) will result in suspension. Suspected fraudulent return(s) are to be referred to the Arizona Department of Revenue's Criminal and Civil Investigations Unit.
- Use of proper advertising. Improper advertising is grounds for suspension.

SECTION 12 - Penalties

Arizona Revised Statues § 42-1103.03 You will need to keep updated on the Arizona Department of Revenue's Rulings and Procedures, as well as information provided in the E-File Manual/Handbook. If you fail to comply with any of the Arizona Department of Revenue's rulings or procedures, as well as any of the provisions in the E-File manual/handbook you may be suspended from the E-File program.

Arizona Revised Statutes § 42- 1125. All of the penalties in Arizona Revised Statues §42-1125.01 are assessed without regard to any other penalties that may be assessed under Arizona Revised Statues §42-1125.01 or any other provision in the Arizona Revised Statutes. Highlights of these penalties are as follows. These highlights do not, however, relieve you of the responsibility to read the law for complete details and a complete listing of the penalties.

- Failure to provide a copy of a client/taxpayer return to the client/taxpayer prior to the client/taxpayer signing the return will result in a $50.00 penalty per occurrence. This penalty is calculated on an annual basis and has an annual cap of $25,000.
- Failure to sign the return will result in a $50.00 penalty per occurrence. This penalty is calculated on an annual basis and has an annual cap of $25,000.

- Failure to provide your EIN on any return filed with the Department will result in a $50.00 penalty per occurrence. This penalty is calculated on an annual basis and has an annual cap of $25,000.

- Failure to maintain a copy of the client/taxpayer return for a period of 4 years will result in a $50.00 penalty per occurrence. This penalty is calculated on an annual basis and has an annual cap of $25,000.

- Failure to comply with any E-File requirements, which are generally found in the Department's rulings and procedures as well as in the E-File manual, will result in a $50.00 penalty per occurrence. This penalty is calculated on an annual basis and has an annual cap of $25.000.

- Fraudulent negotiation or endorsement of any checks made payable to a taxpayer will result in a $500.00 penalty per occurrence. This penalty does not have an annual cap.

SECTION 13 – Frequently Asked Questions

Q: Can I file a decedent return electronically?
A: Yes. Arizona is accepts decedent returns electronically from the surviving spouse who is using the "Married Filing Joint" status. They must complete *E-File* Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*, with the joint return **if a refund is expected**.

Q: Can I electronically file a State-Only return that contains foreign addresses?
A: Yes. You may electronically file a return in Arizona with a foreign address. Arizona will accept foreign addresses on State-Only returns, provided that the filer's software supports the transmission.

Q: When does the Arizona Department of Revenue begin accepting electronic returns?
A: Arizona begins accepting "live" transmissions simultaneously with the IRS. For the 2011 tax year, this date has been tentatively identified as January 14, 2012.

Q: Why does it take so long for my software vendor to be approved? Last year they weren't ready to transmit until well after the first transmission day.
A: The Arizona Department of Revenue requires software developer products to be tested and approved prior to the implementation of their software applications annually. While the Arizona Department of Revenue strives to approve software applications in a timely fashion, occasionally a vendor's test will need to be reviewed more than once to assure that our standards are met. This, combined with a late submission of test materials, may cause delays in software vendors providing their services to you. To avoid such delays, software vendors are encouraged to submit their programs in a timely fashion, so the approval process can be completed prior to the beginning of the live e-file transmission date.

Q: What is the requirement for acceptance into the E-File program with the Arizona Department of Revenue?

A: Participation in the Fed/State program requires the submission of the completed federal Form 8633 *Application to Participate in the Electronic Filing Program* to the **IRS Service Center** in Andover, Massachusetts. Once accepted by the IRS, no further action is required to e-file Arizona returns.

Q: Do I need to notify anyone if my business address changed?

A: Electronic Filers must notify the Internal Revenue Service within 30 days of all business changes to the E-File request originally submitted.

Q: Recently, I made my business a corporation. Do I need to notify anyone when my business structure changes?

A: Electronic Filers must notify the Internal Revenue Service within 30 days of all business changes to the E-File request originally submitted.

Q: What forms does Arizona accept electronically?

A: There are 40 different reporting forms that may be filed electronically.

Q: What do I do with the signature document? Send it in?

A: No. The signature document (form AZ-8453) is retained by the Preparer unless the Preparer is a VITA or TCE site.

Q: Does Arizona accept electronic signatures?

A: Arizona's electronic signature laws for E-File require the accompanying federal return be electronically signed. The electronic signature is prohibited on State-Only returns because there is no accompanying federal return.

Q: My State-Only return rejects repeatedly. What do I do?

A: Most rejects are minor and easy to fix, including the number one reject reason; Validation Code 907 - E-Signature on State-Only returns. This validation code indicates that a "PIN" signature accompanied the Arizona State-Only return. The Arizona Department of Revenue prohibits the use of the e-signature, aka PIN, on State-Only returns. The Office of Electronic Filing offers this quick and easy solution:

> *Simply remove the "PIN indicator" from the Arizona return and re-transmit it as a "state-only" transmission. As a Preparer, you already have a signed AZ-8543 or an E-Signature Authorization form in your files. These documents are required to be maintained in your files for four years, even when your client elects to sign the return with a PIN signature. Hence, you have the necessary signature for the Arizona return to be re-transmitted.*

Please follow your software instructions to send only the state tax return through the E-File Program. All current exclusions apply. If the electronically filed Arizona return cannot be re-transmitted, the Preparer must submit a paper tax return to the Arizona Department of Revenue.

Repeated rejection of transmissions could cause the Arizona Department of Revenue to rescind the electronic filing privileges of a Preparer. If you receive more than two rejection notices on the same return, please contact the Arizona Department of Revenue for assistance at 602 716-6912 or 602 716-6348.

Q: How long must I retain copies of taxpayer returns?
A: A Preparer must retain return records for at least four (4) years from the filing date or the original due date, whichever is later.

Q: I received a rejection notice. What do I do now?
A: This acknowledgement indicates the electronic return was received and failed to successfully complete the pre-entry validation process. The acknowledgement will contain a code indicating the error causing the rejection. The error condition must be corrected and the return can then be re-transmitted electronically as a "State-Only" return or corrected and submitted as a paper return.

Q: Can I retransmit a corrected state return?
A: Yes. In the event that the state portion of a return needs to be retransmitted, it may be retransmitted as a State-Only return without an electronic signature.

Q: Does Arizona accept Direct Debit payments?
A: Arizona supports Direct Payment (direct debit) as a payment option for balance due returns. This is only available for an electronically filed return. If a return is rejected and for some reason must be submitted on paper, the direct debit option will not be available and a paper payment must be submitted.

If Direct Payment is elected for the eFiled return, provide the 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 (checking/savings), and requested payment date.

Q: Does the AZ140V need to accompany the return?
A: If the Direct Debit option is not chosen, then the AZ-140V, payment voucher, must accompany the payment. Online payments may be made to AZDOR on **www.aztaxes.gov** website; the taxpayer would select 140V as the Payment Type. In this case, the electronic version of the AZ140V substitutes for the paper AZ140V.

Q: Can the direct payment date be after the filing deadline?
A: To avoid penalties and interest, the direct payment date must be on or prior to April 17, 2012. (for best results schedule 24 hours in advance of April 17, 2012.)

Q: My client has not received their refund. What can they do?
A: Your client may contact the Arizona Department of Revenue Taxpayer Information and Assistance Section at 602-255-3381 (800-352-4090 elsewhere in Arizona)

Q: My client received a refund, which was less than what was stated on the return. What can they do?
A: If a taxpayer or the spouse owes money to the Arizona Department of Revenue or another agency, the amount owed may be deducted from the expected refund. The Arizona Department of Revenue offsets as much of the refund as is needed to pay off overdue taxes owed by taxpayers and notifies them when this occurs. The Debt Set-Off Office also offsets taxpayers' refunds to pay off past-due child support or Federal agency debts, such as student loans. The Arizona Department of Revenue sends taxpayers offset notices if any part of their refund is applied to non-tax debts. Taxpayers should contact the agencies identified in the offset notice when offsets occur if they dispute the non-tax debts or have questions about the offsets. Call the Arizona Department of Revenue's Taxpayer Information and Assistance (TIA) at 602-255-3381 (800-352-4090 elsewhere in Arizona).

Q: Can amended returns be filed electronically?
A: **No!** An amended return, if needed, must be filed as a paper return and mailed to:

For those expecting a refund or paying no tax:
Arizona Department of Revenue
PO Box 52138
Phoenix, Arizona 85072-2138

For returns with payment:
Arizona Department of Revenue
PO Box 52016
Phoenix, Arizona 85072-2016

Q: I need help. Where can I call?
A: Website - www.azdor.gov
Tax Practitioner Hotline - 602-542-2132 – Refund, General and Billing Inquiries
Preparer Help Line - 602-716-6912 and 602-716-6348 – Transmissions, Acknowledgment /Reject Inquiries
Preparer Email Address - efile@azdor.gov

Q: My client needs to contact the DOR about a bill. Where can they call?
Website - www.azdor.gov

Refund Information	602-255-3381 (800-352-4090 elsewhere in Arizona)
General Information	602-255-3381 (800-352-4090 elsewhere in Arizona)
Taxpayer Assistance	602-255-3381 (800-352-4090 elsewhere in Arizona)
Hearing Impaired	602-542-4021 (800-397-0256 elsewhere in Arizona)

SECTION 14 - Error Codes

Error ID	Error Description	Form No.
0200	Each field can only contain type of data specified in record layout. ▪ Non numeric value in numeric field	All Forms
0201	Field sequence numbers within an unformatted record must be valid for that record.	All non 140 forms – unformatted records
0202	The Record ID (Field 0010) of an **unformatted** record contains an invalid entry. ▪ Taxpayer ID number on a secondary form (unformatted record) does not match the Primary SSN (Field 0003) of tax form	All non 140 forms – unformatted records
0203	Tax Form – Incomplete direct debit If any of the following direct debit fields are significant, all must contain valid entries: Field 0027 must contain a valid date (see error code 911). Field 0028 must contain an amount that is equal to or less than Field 0590. Direct debit indicator (Field 0024) must contain "2". Routing Transit Number (Field 0030) must contain nine numeric characters and Account Number (Field 0035) must be nonzero. Checking Account Indicator (Field 0040) OR Savings Account Indicator (Field 0048) must equal "X" but both cannot equal "X".	All 140's, **204**
0204	Tax Form – Incomplete direct deposit If any of the following direct deposit fields are significant, all must contain valid entries: Direct deposit indicator (Field 0024) must contain "1". Routing Transit Number (Field 0030) must contain nine numeric characters and Account Number (Field 0035) must be nonzero. Checking Account Indicator (Field 0040) OR Savings Account Indicator (Field 0048) must equal "X" but both cannot equal "X".	All 140's, **204**
0205	Primary last name (Field 0060, position 1) and first name (Field 0070, position 1) are required fields.	All 140's, **204**
0208	Form 140EZ - Filing Status (Field 0305, position 13) can only be 1 - Married filing joint return, or 4 – Single	140EZ
0209	Forms 140, 140A, 140PY and 140NR – Filing status (Field 0305, position 13) can only be: 1 – Married filing joint return 2 – Head of Household 3 – Married filing separate, or 4 – Single	140, 140A, 140PY, 140NR
0210	Forms 140, 140A, 140PY and 140NR – Exemption for Age 65 or over (Field 0305, position 14) cannot be greater than 2.	140, 140A, 140PY, 140NR
0211	Forms 140, 140A, 140PY and 140NR – Exemption for Blind (Field 0305, position 15) cannot be greater than 2.	140, 140A, 140PY,140NR
0212	"Date of Return" in Alphanumeric Field 2 (Field 0305, position 20) is either invalid, (ex: 20120230, or 022812, etc.) or a future date.	All 140's, 204
0213	Forms 140, 140PY and 140NR - Standard/Itemized Deduction flag (Field 0305, position 28) must be S or I.	140, 140PY, 140NR
0214	Forms 140A and 140EZ – Standard/Itemized Deduction flag (Field 0305, position 28) must be S.	140A, 140EZ
0215	"Credit Boxes" in Alphanumeric Field 2 (Field 0305, position 29) contain invalid entry. Valid entry = twelve numerals in any combination of 302, 304, 305, 306, 307, 308, 309, 310, 312, 315, 319, 320, 321, 322, 323, 325, 331, 332, 333, 334, 336, 340.	140, 140PY, 140NR
0216	"Credit Boxes" in Alphanumeric Field 2 (Field 0305, position 29) and Field 0460 (Subtotal Credits) are invalid for Forms 140A and 140EZ and may not contain any entry.	140A, 140EZ
0217	Forms 140, 140PY and 140NR - Political Party entry (Field 0305, position 41) must be: 0, 1, 2, 3, or blank.	140, 140A, 140PY, 140NR
0218	Forms 140, 140PY and 140NR - "Annualized/Other" box (Field 0305, position 42) may not be "Y", unless "Form 221" (Field 0305, position 44) is "Y". If "Form 221" (Field 0305, position 44) is "N" or blank, then, "Annualized/Other" box (Field 0305, position 42) must be "N" or blank.	140, 140PY, 140NR
0219	Forms 140, 140PY and 140NR – "Farmer/Fisherman" box (Field 0305, position 43) must be "Y", "N" or blank.	140, 140PY, 140NR
0220	Forms 140, 140PY and 140NR – "Form 221" box (Field 0305, position 42) must be "Y", "N" or blank.	140, 140PY, 140NR
0221	"Extension code" (Field 0305, position 45) must be "F" or blank.	All 140's
0224	Clean Election Fund Tax Reduction (Field 0465) cannot be greater than "5" unless a joint return is	All 140's

Error ID	Error Description	Form No.
	filed and both elect the "Clean Election Fund Tax Reduction" in which case Field 0445 cannot be greater than "10".	
0225	Forms 140, 140A, 140EZ - Residency Status (Field 0305, position 48) Code must be "0" – Arizona resident.	140, 140A, 140EZ
0228	Forms 140, 140NR and 140PY - MSA Penalty Box (Field 0305, position 49) must be "Y", "N" or blank.	140, 140NR and 140PY
0229	Form 140A - Std deduction (Field 0405) must be **$4703** or **$9406.**	140A
0230	Form 140EZ - Total deduction and personal exemption (Field 0415 must be $**6803** or $**13606**).	140EZ
0231	"Tax After Family Tax Credit Reduction" (Field 0460) cannot be less than zero.	140A
0232	"Balance of Tax" (Field 0470) cannot be less than zero.	All 140's
0233	Primary SSN (Field 0003) was used as a Secondary SSN, or Secondary SSN (Field 0055) was used as a Primary SSN, on an accepted E-file return with filing status other than 1 – Married Filing Joint Return.	All 140's
0234	Primary SSN (Field 0003) was used as a Secondary SSN, or Secondary SSN (Field 0055) was used as a Primary SSN, on another return is in process by AZ DOR.	All 140's
0235	Telephone number provided is not in required format.	All 140's
0236	Forms 140, 140A, 140PY and 140NR – If Field 0370 is significant then "Exemption for Age 65 or over" (Field 0305, position 14) cannot be blank.	140, 140A, 140PY, 140NR
0237	Forms 140, 140A, 140PY and 140NR – If field 0370 = 2100, then Field 0315, position 69-76, or Field 0305, position 61-68 must ≤ **19460101**. If Field 0370 = 4200, then Field 0315, position 69-76 and Field 0305, position 61-68 must ≤ **19460101** (MFJ only).	140, 140A, 140PY, 140NR
0238	Forms 140, 140A, 140PY and 140NR – If Field 0375 is significant then "Exemption for Blind" (Field 0305, position 15) cannot be blank.	140, 140A, 140PY,140NR
0239	Primary "Date of Birth" is incomplete or missing. Field is "Optional" but is requested and, when used, format must be YYYYMMDD.	All 140's
0240	Secondary "Date of Birth" is incomplete or missing. Field is "Optional" but is requested when MFJ or MFS and, when used, format must be YYYYMMDD.	All 140's
0242	If Field 70 (IAT Indicator) is significant then State Direct Deposit/Direct Debit must be blank.	All 140's 204
0900	Primary SSN (Field 0003) was used as a Primary SSN more than once on E-filed returns.	All 140's
0901	Secondary SSN (Field 0055) was used as a Secondary SSN more than once on E-filed returns.	All 140's
0902	Primary SSN (Field 0003) was used as a Secondary SSN, or Secondary SSN (Field 0055) was used as a Primary SSN, on an accepted E-file return with filing status 1- Married Filing Joint Return.	All 140's
0903	Return from "turned off" ERO.	n/a
0904	Return from unknown software developer.	n/a
0905	Return from "turned off" software developer.	n/a
0906	Tax Form – "Tax Year Ending" can only be **2011** (Field 0305, position 01-04) and "Tax Month Ending" must be 12 (Field 0305, position 05-06).	All 140's, 204
0907	E-Signatures: If the federal pin is used to sign the AZ return, then Field 0305, position 59 is Y and the federal pin must be displayed in field(s) 0120 and/or 0125. If not signing using the federal pin, then Field 0305, position 59 is N and Fields 0120 and 0125 are blank. If Field 0305, position 59 is N, and the PIN is in either Field 0120 or 0125 it would be an invalid e-signature.	All 140's
0908	Forms 140A and 140EZ - AZ Taxable Income (Field 0420) must be ≤ $50,000.	140A, 140EZ
0909	Forms 140 and 140A - Property Tax Credit (Field 0500) must be zero. E-file not permitted if claiming property tax credit.	140, 140A
0910	Forms 140, 140PY and 140NR – If field 0305, position 49 is "Y" then an amount must be present in field 0580. The amount **may not** be zero.	140, 140PY, 140NR
0911	When Direct Debit Payment is indicated (Field 0024): For tax returns with a date of return (Field 0305, position 20-27) on or before April 15 of the current processing year, the requested Electronic Funds Withdrawal Date (Field 0027) cannot be later than April 17 -or- For returns filed after April 17, the direct debit date must be equal to the date of the return. Future dates are not accepted after April 17. -and- For all returns: The Direct Debit date cannot be earlier than the date of the return.	All 140's, 204
0912	If Form 131 Flag (Field **0320**, Position **61**) is "P" or "S", indicating that a Form 131 is attached, the tax return filing status must be:	All 140's

Error ID	Error Description	Form No.
	"Married Filing Joint" (Field 0305, Position 13 = "1")	
0913	Form 131 – Form is incomplete or contains invalid entries.	131 All 140's
0916	Aid to Education Donation (Field 525) must be equal to amount of overpayment (Field 520 [Field 510 on 140A]).	140, 140A 140NR, 140PY
0917	Form 140, 140A, 140NR, and 140PY Filler (Field 0595) must be blank.	140, 140A 140NR, 140PY
0918	E-Signature – State-Only If State-Only Return (Field 0019) is indicated then Fields 0120 and 0125 are blank and Field 0305 (position 59) is blank or "N".	All 140's
0921	When "Subtotal of Credits" is greater than zero, at least one valid, nonblank, nonzero form number is required, "Valid Credit Forms are: 302, 304, 305, 306, 307, 308, 309, 310, 312, 315, 319, 320, 321, 322, 323, 325, 331, 332, 333, 334, 336, 340.	140 Generic
0922	When Filing Status = 3, Married filing separate (Field 0305, position 13), all of the following must be present: • "Spouse's Full Name" (Field 0325, position 44-68) • "Spouse SSN" (Field 0325, position 69-77)	140, 140NR and 140PY
0923	When Filing Status = 3, Married filing separate (Field 0305, position 13), **and** the state of residence (Field 0095) is one of the following: AZ, CA, LA, NM, NV, ID, TX, or WA; then the following must be present: • "Community Property Allocation Indicator" (Field 0325, position 78) must be "Y"; and • Copy of federal ALLOCR must be transmitted.	All 140's
0924	Forms 140, 140PY and 140NR – If Estimated Payment/MSA Penalty (Field 0580) is significant, at least one of the following flags must contain "Y": "Form 221" Field 0305, position 44, or "MSA Penalty" Field 0305, position 49.	140, 140PY, 140NR
0925	Forms 140, 140PY and 140NR – If field 0305, position 42 is "Y" then a Form 221 must be transmitted and amount must be present in field 0580. The amount may be zero.	140, 140PY, 140NR
0926	Forms 140, 140PY and 140NR – If field 0305, position 49 is "Y" then an amount must be present in field 0580. The amount **may not** be zero.	140, 140PY, 140NR
0927	Form 140NR - Residency Status Code (Field 0305, position 48) must be: 1 - Nonresident, or 2 – Nonresident active military 3 – Composite return (n/a for e-file)	140NR
0928	Form 140PY - Residency Status Code (Field 0305, position 48) must be: 1 – Part year resident, NOT active military, or 2 – Part year resident active military	140PY
0929	Forms 140, 140PY and 140NR – Credit Forms 309D, 309NR, 309PY, 309R, 338, or 339 may not be transmitted with the return.	140, 140PY, 140NR
0930	Tax Form – Incomplete, Missing or Mislabeled Form type. For Field 0305, Positions 7-12, the type of form being transmitted must be designated.	All 140's, **204**
0931	Spouse last name (Field 0065, position 1), first name (Field 0070, position 18) and Spouse SSN (Field 0055) are required fields when Field 0305, position 13, filing status is: 1 – Married filing joint return (MFJ) 3 – Married Filing Separate (MFS)	All 140's, 204
0932	Spouse last name (Field 0065, position 1), first name (Field 0070, position 18) and Spouse SSN (Field 0055) must be blank when Field 0305, position 13, filing status is: 2 – Head of Household, or 4 – Single	All 140's
0933	If Clean Election Fund Tax Reduction (Field 0445) is significant, at least one the following must contain "Y": Filer "Clean Election Fund Tax Reduction" flag (Field 0305, position 46) or Spouse "Clean Election Fund Tax Reduction" flag (Field 0305, position 47).	All 140's
0934	"Spouse Clean Election Fund Tax Reduction" (Field 0305, position 47) must not be "Y" when return filing status (Field 0305, position 13) is something other than "1" - Married Filing Joint Return.	All 140's
0935	If refundable checkbox for CR308-I or CR342 is checked, or if Other Refundable Credits amount is greater than zero, return may not be efiled.	140 140PY, 140NR
0999	AZ DOR decision to reject return due to one or more unresolved error conditions.	All