Arizona Department of Revenue

Income Tax Letter of Intent

Tax Year 2023

This form must be completed and submitted to
E-File Coordinator
AZefile@azdor.gov

By November 30, 2023

2023 Tax Software Provider Arizona Department of Revenue Letter of Intent

Welcome to the Income Tax Letter of Intent (LOI). If your software company intends to submit electronic returns to the Arizona Department of Revenue you will need to complete this form and submit it to the E-File Coordinator at AZefile@azdor.gov.

By submitting this Letter of Intent (LOI) to the Arizona Department of Revenue (ADOR, the agency or the department), you agree to meet our standards for software provider registration and tax preparation software. If you do not meet the standards and requirements explained in this LOI or provide an incomplete form, we may deny your application or revoke your approved software provider status and reject all electronic returns submitted using your products.

You must complete a separate LOI for <u>each</u> unique product your company offers.

Note: If you are a new Software Provider who has not filed state income tax returns with the department, you must have passed assurance testing with the IRS. Attach documentation from the IRS demonstrating you have successfully tested with the IRS.

Important dates

ADOR has important key dates to ensure we are ready for the filing season and taxpayers can file an accurate and timely tax return. Please note the following key dates:

- Complete and submit this LOI by preferred due date of November 30, 2023.
- Assurance testing (ATS) targeted to begin with the IRS, or within one week after. Date will be announced by email.

Amended Letter of Intent

☐ Check this box if this is an amended Letter of Intent.

Reason for amendment:

_____

_____

_____

_____

_____

Company information

List your company information.

Name of company	Product name	Vendor-selected Software ID
DBA name	NACTP vendor ID	Company EIN
Address	Product address/URL	
City	State	Zip code
List your other product names using the same calculation engines here:		

IRS issued electronic identification numbers

List your IRS electronic identification numbers.

Test EFIN(s)	Test ETIN(s)
Production EFIN(s)	Production ETIN(s)

Contact information

List the contact information for each area identified.

Regulatory/compliance contact	Phone	Email address
Primary individual MeF contact	Phone	Email address
Secondary individual MeF contact	Phone	Email address
Primary fiduciary (Estate/Trust) MeF contact	Phone	Email address
Secondary fiduciary (Estate/Trust) MeF contact	Phone	Email address
Primary business MeF contact	Phone	Email address
Secondary business MeF contact	Phone	Email address
Primary leads reporting contact	Phone	Email address
Secondary leads reporting contact	Phone	Email address

Software products and tax types supported

Check all that apply.

Type of software product supported	
DIY/consumer (Web-Based)	☐
DIY/consumer (Desktop)	☐
Professional/paid preparer (Web-Based)	☐
Professional/paid preparer (Desktop)	☐

Tax types supported		
Individual income tax	☐ e-file	
Estate/trust/fiduciary tax	☐ e-file	☐ Amended
Partnership return	☐ e-file	☐ Amended
Corporation tax	☐ e-file	
S-Corporation return	☐ e-file	☐ Amended

Rebranded software products
Complete this section only if your product is rebranded.

For software to be considered rebranded, changes <u>cannot</u> be made to the software requirements and output(s). As the software company selling and/or licensing your product to a third-party, it is your responsibility to make sure the rebranded product reflects the current software requirements and output(s). List each of your rebranded products below.

Rebranded product name	ETIN (if applicable)	Contact person	Phone	Email address
Rebranded product name	ETIN (if applicable)	Contact person	Phone	Email address
Rebranded product name	ETIN (if applicable)	Contact person	Phone	Email address
Rebranded product name	ETIN (if applicable)	Contact person	Phone	Email address
Rebranded product name	ETIN (if applicable)	Contact person	Phone	Email address

Attach additional sheets if needed.

For Rebranded Products, ADOR has the following requirements:

- Rebranded Products are required to complete an abbreviated e-file ATS approval process.

E-file mandate
Arizona's e-File mandate is provided in Arizona Revised Statutes (A.R.S.) § 43-323(F). Individual income tax is not included in the Arizona mandate. Supported amended returns (Form 141AZ, Form 165, and Form 120S) are included. Exceptions are outlined in A.R.S. § 43-323(G). Waivers can be requested by filing Arizona Form 292 to the mailing address or email address on the form.

Forms and schedules supported by tax type
Attach the Forms Supported spreadsheet to indicate forms and schedules your company will be supporting. The Forms Supported spreadsheet can be downloaded from this webpage: https://azdor.gov/file-and-pay/e-file-services/e-file-software-developers/arizona-mef-letter-intent.

The Forms Supported spreadsheet has three tabs:
1. Forms tab: core forms separated by tax type (individual, fiduciary, corporate, and partnership).
2. IND Credit Forms tab: all credit forms claimed by individual income taxpayers.
3. COR Credit Forms tab: all credit forms claimed by C corporation, S corporation or partnership taxpayers.
Email both completed documents to AZefile@azdor.gov.

Please note: supported credit forms must be in XML if a business rule requires it. Otherwise, PDF attachments are allowed.

Electronic amended returns
For Form 141, Form 165, and Form 120S, ADOR requests software vendor to support electronic linked amended returns for those available through IRS Modernized e-File (MeF) under circumstances in which taxpayers need to amend these Arizona returns.

Software limitations

In the Agency questions section, list any software limitations to forms or schedules you support. Please also explain if there are there any differences in the forms you support based on the type of software. If there are additional limitations or differences after completing the LOI, please provide it before you submit ATS testing.

Agency requirements

This section identifies agency requirements and expectations of new and existing Software Providers and the software product. As a software provider, you agree to:

- Be approved by the IRS as an electronic transmitter.
- Submit software test returns for approval in the form and manner prescribed by the agency.
  - Resubmit software test returns, if correcting errors.
- Create and originate all e-file ATS tests that are submitted during the approval process in the actual software.
- Submit all returns as "linked returns" with a corresponding federal return.
- Notify the department if any forms you support are not ready when your software is available for use. Advise customers that the software provider's forms are not available and include a date on which the forms will be available. Submit this information via email to AZEfile@azdor.gov.
- Notify the department immediately when errors in your software affect Arizona taxpayers. Do not submit returns with known errors. Notify your Arizona customers and the department as soon as you have corrected the errors.
- Provide timely updates, corrections, and technical support for software to ensure the accuracy of Arizona tax returns.
- Transmit taxpayer submissions on a regular basis. Notify the department and your customers if you are holding any Arizona returns.
- Contact the department to address issues, answer questions, and maintain open communication at AZefile@azdor.gov.
- Send a copy of all general communications sent to Arizona software customers to AZefile@azdor.gov. (See "Issue notification and resolution requirements" below).
- Pass certification testing for each product, according to requirements.
- Ensure all returns transmitted from the software be electronically filed from the approved software or a subsequent product update.

Adhere to the schema requirements included in the authentication and return header. Agency schema, business rules, requirements, and e-file documentation for ADOR can be found at the following locations:

- FTA State Exchange System (SES) for schemas, business rules, change logs, and related documents: https://taxadmin.kiteworks.com/#/.
- For copies of paper forms and instructions, log into azdor.gov/user.

Issue notification and resolution requirements

This section represents the department's issue notification and issue resolution standards.

Notify the department if any supported forms and/or payments are not ready when your software is available for use. Advise customers that the software provider's forms are not available and include a date on which the forms will be available. Submit this information via email to AZEfile@azdor.gov. Software providers agree and affirm that communications to their customers will not mischaracterize or misrepresent any outstanding issues that prevent them from receiving expected functionality.

System security requirements

ADOR does not prescribe the security requirements for your system. You are responsible for implementing appropriate security measures to protect taxpayers and their information in your system. You must apply security measures to protect taxpayer information in your system when it is online, offline, at rest, and in transit.

Security incident requirements

All software providers executing this agreement are subject to the data breach security laws set forth in A.R.S. §§ 18-551 and 552. This includes, but is not limited to, provisions defining personal information and what constitutes a breach as well as notice requirements.

Unless otherwise prohibited by law, all data breaches, security incidents, or other improper disclosures of taxpayer data must be promptly reported to

1. ADOR by secure email at the following addresses: infosec@azdor.gov and AZEfile@azdor.gov, and

2. The State of Arizona Office of Attorney General - (https://www.azag.gov/consumer/data-breach).

Production return submission requirements
All returns generated from this software must be e-filed from the approved software or a subsequent product update.

Product updates
Desktop product users who attempt to file 10 or more business days after a production release must be required to download and apply the product update.

Schemas
Your software must follow the schema requirements. Find schema requirements, schema, business rules, and e-file documentation for ADOR can be found at the following location:
- FTA State Exchange System (SES) for schemas, business rules, change logs, and related documents: https://taxadmin.kiteworks.com/#/.
- For copies of forms and instructions, log into azdor.gov/user.

Testing and submissions
All e-file ATS tests submitted during the approval process must be created in, and originate from, the actual software.

Validation of data elements
You must validate the following pre-populated data elements. Tax professionals must provide confirmation of these pre-populated data elements prior to completing the tax return:
- State driver's license data elements.
- State withholding account numbers.
- PTIN entered at product registration.

Customer Notices

This section identifies information ADOR is requiring the software providers to communicate with customers.

Disclosure and use of information language expectations
You must include the following consent language with electronic filing software.

For Do-It-Yourself software:

By using a computer system and software to prepare and/or file my tax return(s) electronically, I consent to the transmission of my return(s) and to the disclosure of all information about my use of the system and software to the Arizona Department of Revenue.

For Tax Professional software:

By using a computer system and software to prepare and/or file my client's return(s), I consent to the transmission of my client's return(s) and to the disclosure of all information about my use of the system and software to the Arizona Department of Revenue.

For Business software:

By using a computer system and software to prepare and/or file this business tax return(s), I consent to the transmission of the return(s) and to the disclosure of all information about the use of the system and software to the Arizona Department of Revenue.

Driver's license/ID card expectations for individual income tax

ADOR is providing the following expectations and information for e-filed returns:

ADOR requests the driver's license or ID card be included with the return, but won't reject the return if it's not included.

ADOR is providing a URL and a statement for the DL/ID Card. All Do It Yourself (DIY) and Tax Professional software packages must include this information in your software. The message is expected to be displayed within the software in a way to maximize the likelihood the message is read.

URL: https://azdor.gov/individuals/income-tax-filing-assistance/verifying-identity-and-avoiding-identity-theft

Statement: In an ongoing effort to protect taxpayers from identity theft, the IRS, state tax agencies, and the tax industry are asking for driver's license numbers or state-issued identification numbers. To learn more, visit https://azdor.gov/individuals/income-tax-filing-assistance/verifying-identity-and-avoiding-identity-theft**.**

Refund expectations

ADOR is providing URLs and a statement for refund processing. All Do It Yourself (DIY) and Tax Professional software packages must include this information in your software. The message is expected to be displayed within the software in a way to maximize the likelihood the message is read.

URLs: Refund Lookup Tool: https://aztaxes.gov/Home/CheckRefund

Refund Info page: https://azdor.gov/wheres-my-refund

Statement: To assist taxpayers and tax professionals expecting refunds, ADOR encourages tax professionals and taxpayers to use the "Where's My Refund?" tool located here: AZTaxes.gov/Home/CheckRefund.

Taxes due expectations

ADOR is providing URLs and statements about taxes due, such as due dates and payment methods. All Do It Yourself (DIY) and Tax Professional software packages must include this information in your software. The message is expected to be displayed within the software in a way to maximize the likelihood the message is read.

INDIVIDUAL

URL: Make an Individual/Small Business Income Payment: https://aztaxes.gov/Home/PaymentIndividual/

Statement: Taxpayers may make an individual or small business income tax payment online by using the payment page here: AZTaxes.gov/Home/PaymentIndividual/.

CORPORATION, S CORPORATION and PASS THROUGH ENTITY

URL: Make a Corporation/S-Corporation/Partnership Payment beginning with tax year 2022:

https://payments.AZTaxes.gov/MakePayment/Corporate

Statement: Taxpayers may make a corporation, S corporation, or partnership tax payment online by using the payment page here: https://payments.AZTaxes.gov/MakePayment/Corporate. Tax years prior to 2022 are not supported.

Agency questions

This section represents questions ADOR has for each software provider about its product(s).

1. Are you a member of the Free File Alliance?
   a. ☐ Yes
   b. ☐ No

2. List any system or software limitations – lines, forms, or schedules not supported, etc. Explain any differences between products. Attach a separate sheet, if necessary.

   _____

   _____

   _____

   _____

3. Are software updates to the product performed manually or are they automatic?
   a. ☐ Manually
   b. ☐ Automatic

4. How often does the company push software updates? Are updates periodic (i.e., monthly or weekly) or ad-hoc? If periodic, are they performed on a certain day of the month or week?

   _____

   _____

   _____

   _____

5. Do you foresee any issues with software updates for the upcoming tax year? If so, please describe them.

   _____

   _____

Acknowledgments and signature

By signing this agreement, I agree to provide correct, accurate, current, and complete information and my company agrees to all the requirements listed in this document.

The Arizona Department of Revenue reserves the right to deny, suspend, or terminate my company's ability to submit returns.

AUTHORIZED REPRESENTATIVE PRINTED NAME	AUTHORIZED REPRESENTATIVE EMAIL ADDRESS	
AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	DATE

Complete a signature line if this is an amended Letter of Intent

AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	AMENDED DATE
AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	AMENDED DATE
AUTHORIZED REPRESENTATIVE SIGNATURE	AUTHORIZED REPRESENTATIVE PHONE NUMBER	AMENDED DATE

Authorized Access to the State Exchange System

Access to the State Exchange System should be limited to those with a business need.

Provide information for each employee you are authorizing for access to the State Exchange System. The tax type box should include all the tax types individuals are authorized to access. (i.e., Individual, Fiduciary, Corporate (includes S Corporation), and/or Partnership).

NOTE: Include all authorized individuals, even if listed previously on this form. Add additional sheets, if necessary. **This authorizes E-File access only.**

First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types
First and last name	Email address	
	Phone number	Tax types