

North Dakota **Electronic** **Filing** **Procedures**



Tax Year 2002
Processing Year 2003



Office of State Tax Commissioner
Electronic Filing Unit
Publication #1345ND
October 2002

North Dakota Electronic Filing Procedures

Tax year 2002 - Processing year 2003

The revenue terms defined and used in this manual reflect the way that the North Dakota Electronic Filing Program understands and uses such terms. The use or definition of these terms is not intended to conform to strict legal definitions and/or interpretations.

IRS publications:

- 1345 Revenue Procedure for Electronic Filing of Individual Income Tax Returns (2002)
- 1346 Electronic Return File Specifications for Individual Income Tax Returns (2002)

North Dakota publications:

- 1345ND North Dakota Electronic Filing Procedures (2002)

Contact us:

Electronic Filing (701)328-3102 or (701)328-3598
Internet www.ndtaxdepartment.com
Fax (701)328-3700

Taxpayer Assistance (701)328-1032
Toll free 800-638-2901

Tax Preparer Hotline (701)328-3102

For Telecommunication Device for the Deaf (TDD) users:

contact our office through North Dakota Relay 1-800-366-6888
(ask for 1-800-638-2901)

North Dakota Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
Attn: Electronic Filing Unit

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Electronic Filing Calendar

For Tax Period January 1, 2002 through December 31, 2002

Begin IRS Acceptance Testing November 5, 2002

Software developers must first complete Internal Revenue Service testing before obtaining final approval with North Dakota. The date for start up of IRS Acceptance Testing may change.

Transmitters must be accepted by the Internal Revenue Service prior to sending data and testing the North Dakota acknowledgments.

Electronic Return Originators are not required to perform state acceptance testing.

Begin Transmitting Returns to IRS/North Dakota January 10, 2003

Last Date for Timely Filed Returns April 15, 2003

Last Re-transmission of Rejected Timely Filed Returns April 20, 2003

Last Date for Extended Filed Returns October 15, 2003

Last Re-transmission of Rejected Extended Filed Returns October 20, 2003

NOTE: These dates may be subject to change at any time.

E-file continues to grow

North Dakota E-file continues to grow. As of October 18, 2002, we have received 78,932 returns electronically, which is a 56% increase over the 2001 season. There are a few changes to note for the 2003 filing season. These changes are as follows:

1. State Only filings

The IRS will now forward State-only returns to each state. This means you can e-file more than one state return for a client, even if the state is not a Direct Filing state. The Federal return still needs to be approved by the IRS first, and then you can forward a North Dakota return separately to the State. It will still include a complete copy of the Federal return. Check with your vendor if they are supporting this option for North Dakota.

2. Deceased taxpayers can e-file

The IRS will accept an e-filed return from a deceased taxpayer, and North Dakota will too. If one of your clients is deceased, the signature will be handled in the same manner as the IRS. No additional information is needed for the North Dakota return. The same policies as for the signature documents on regular e-filed returns shall apply.

3. New Extension payment voucher

We have a new voucher for making an extension payment – Form 400-EXT. North Dakota honors the federal extension forms 4868 and 2688. However, since you are not required to remit the state tax that may be due by April 15 when you obtain an extension, the extension only relieves the penalty that can apply, and not the interest. To avoid the accrual of extension interest, your client may choose to remit the tax that may be due on the extended return by April 15. To properly account for this advance payment, Form 400-EXT is now available to submit with an extension payment. Please, do not use Form ND-1V to make an extension payment.

5. Credit Cards will be accepted in 2003

North Dakota will start accepting credit cards for balance due and estimated tax payments in January 2003. The payments will be handled by a private vendor, Link2Gov Corporation. Additional information will be available on our Web site January 2, 2003.

6. Discontinuing courtesy reminder

Since North Dakota began accepting tax due returns electronically, a courtesy reminder has been issued in early April to all taxpayers who have filed with a balance still due. This has been met with mixed reactions from tax preparers and individuals as to the necessity of these reminders. We will no longer send a reminder notice before April 15. Any unpaid tax after April 15 will be billed with penalty and interest.

Software developers for TY2002:

As of October 31, 2002, the following companies will support North Dakota:

2nd Story Software	Orrtax Software, Inc.
ATX	Petz Enterprises
CCH	RIA
Creative Solutions	Softax
Drake Software	TaxSlayer
H&R Block	Taxworks by Laser
Intuit Inc.	Systems
Jackson Hewitt Tax	Universal Tax
Service	Systems, Inc.
Lacerte	Xpress Software

We will continue to update the list of developers, and have it available on our Web site. If your software company is not listed, please contact them and make them aware you would like to participate in North Dakota E-file. Also, contact our office, so we can follow up with them.

Avoidable errors

The majority of the 2001 electronic returns were processed without any errors. This can speed up a taxpayer's return by as much as 2-3 weeks. The goal for electronic filing is to process the return the day it is received, and have the refund out in two days. We reach this goal over 90% of the time, but the following errors will delay a return. We ask you to review this list to help reduce the number of avoidable errors on the electronic returns.

1. **Taxpayers still mail a paper return.** Make sure your clients know they are **not** to mail a copy of their return to our office, **if** it has been electronically filed.
2. **Address changes are not made on the return.** Ask your clients for their current mailing address. Each year, numerous refunds are returned to our office because the taxpayer has moved or the U.S. postal service has changed their correct mailing address. This adds a long delay for your clients to receive their refund.
3. **Spouse's SSN is not included on the state return with Married Filing Separately status.** Some of the software programs have not carried over the spouse's SSN to the state return. Please review the state return before transmitting to the IRS.
4. **Form ND-1V is only for e-filed returns.** Do not use Form ND-1V when filing a paper return with tax due. Unlike the IRS who requires the payment voucher for all tax due returns, the Form ND-1V is only for electronically filed state tax returns with a balance due. Also, please instruct your clients to send only the Form ND-1V with their payment. In the past, we have received many payments that include paper returns from taxpayers who had e-filed. When that happens, the payment is processed with the paper return, which creates a duplicate filing on our system. Your client will also receive a letter, and maybe a bill from us until it is cleared up. In other words, it creates unnecessary confusion.
5. **Direct Debit is not available.** North Dakota will not accept direct debit for balance due returns. Please make sure your clients realize this. There were quite a few taxpayers who were surprised they still owed North Dakota, since they used Direct Debit to pay their Federal liability.
6. **Submitting payment for the tax due before the return has been e-filed and accepted.** Please do not have your client send in the Form ND-1V and payment until they receive the acknowledgment that we have accepted the e-filed return. We continue to receive many paper checks before the e-filed returns are received and this delays the processing. Waiting for the state acknowledgement before the payment is mailed will save time and reduce calls to your office. If the transmission is close to the due date, then your clients should mail their payment when you have not received the acknowledgement. This will ensure the tax is considered timely paid.
7. **Do not use ND-1V for extension payments.** We have developed a new form to be used when submitting an extension payment. It is Form 400-EXT. Please make sure your clients use this form instead of the ND-1V for making an extension payment.
8. **State tax refunds can be direct deposited.** Many taxpayers still call our office about their tax refund only to find it has been direct deposited into their bank account. Direct deposit of the state tax refund has been available since 1999. If direct deposit has been selected for a federal tax refund, many software programs will automatically select direct deposit for the state tax refund. Please inform your clients accordingly.

These are all common errors that can be avoided. By eliminating these simple errors, you can help reduce the correspondence sent to your clients, lessen the confusion for you and your clients, and help eliminate delays.

Federal/State electronic filing

North Dakota participates in the Federal/State Electronic Filing (ELF) with the Internal Revenue Service (IRS). In order to participate in the Federal/State ELF, the Office of State Tax Commissioner signs a *Memorandum of Understanding* with the IRS. The *Memorandum of Understanding* establishes the State and Federal roles and responsibilities. Federal/State ELF provides electronic filing of both federal and state income tax returns in a single transmission.

All electronic filers are required to pass the IRS suitability check (see IRS Publication 1345) before applying to North Dakota. Once IRS approval is granted, an application (ND-8633) may be submitted.

IRS *Publication 1345* defines the application process and requirements for federal participation. The IRS's definition of various electronic filer categories (Electronic Return Originator, Transmitter, Software Developer, etc.) also apply to North Dakota ELF. All rules, regulations, and requirements governing tax preparers, transmitters, and originators of returns put forth by the IRS are in effect for the Office of State Tax Commissioner.

Electronic filing partners

Electronic Return Originator (ERO)

A firm, organization, or individual who prepares or collects tax returns for the purpose of filing electronically.

Transmitter

A firm, organization, or individual who electronically transmits completed returns directly to the IRS. A transmitter is assigned an

Electronic Transmitter Identification Number (ETIN) by the IRS, which is also utilized in North Dakota. Filings, consisting of all federal return data and the North Dakota tax return(s) and schedule(s), are transmitted via modem to the IRS Ogden Service Center. The transmitter receives an acknowledgment from North Dakota for each return submitted indicating whether the return was accepted or rejected. If the return is rejected, it must be resubmitted on paper. If an acknowledgment is not received within 3 days of transmission, contact the North Dakota Electronic Filing Unit.

Software developer

A firm, organization or individual who designs software for the purpose of formatting returns according to North Dakota's electronic specifications. A software developer must test their communication/transmission protocol and test transmissions of all returns and schedules supported by their software that they intend to file.

(North Dakota) Office of State Tax Commissioner

An agency which accepts and acknowledges electronically filed returns and validates them for completeness and accuracy.

The application process for the Federal/State Electronic Filing program is outlined later in the handbook.

Qualifying returns and schedules

The Office of State Tax Commissioner will accept refund, zero balance due, and balance due returns.

Accepted electronically for the 2002 tax year:

Form ND-1	North Dakota individual income tax return
Form 400-UT	Underpayment of estimated individual income tax
Schedule ND-1NR	North Dakota nonresident and part-year resident filers schedule
Schedule ND-1CR	Credit for income tax paid to another state
Schedule ND-1FA	North Dakota farm income averaging schedule
Schedule SF	North Dakota separate filers schedule

All U.S. Individual Income Tax forms and schedules allowed by the IRS's Electronic Filing Program (IRS Publication 1345).

Not accepted electronically:

Schedule RZ	Renaissance Zone
Schedule FC	Family Member Care Credit

**Responsibilities and requirements
Electronic filers, Transmitters,
and EROs**

Electronic filers, transmitters, and EROs must maintain a high degree of integrity, compliance, and accuracy to remain in the Federal/State ELF. They must meet all North Dakota and IRS requirements including those listed below.

1. Verify the accuracy of the taxpayer's name, address, and Social Security number, since this information will be used to update the department's records and errors may delay a refund.

2. Comply with the requirements and specifications found in the IRS *Publications 1345* and *1346*, and in this publication, *North Dakota Electronic Filing Procedures*.
3. File electronic returns in a timely manner. The date of the IRS acknowledgment will be considered the filing date for the electronically transmitted North Dakota return.
4. File electronic 2002 North Dakota returns by October 15, 2003, to the IRS Ogden Service Center. File any North Dakota returns submitted after October 15, 2003, as paper returns.
5. Retrieve the North Dakota acknowledgments to ensure that the department has received the state returns.
 - a. Transmitters **must** provide the North Dakota acknowledgments to the EROs and preparers in a timely manner.
 - b. Preparers must ensure that their client's electronic return arrives at the Office of State Tax Commissioner (Office). If a North Dakota electronic return fails to reach the Office or is rejected by the Office, the preparer must advise the client to file a paper return.
6. Comply with the laws and regulations restricting disclosure of tax return information.
7. File any amended returns through the paper document filing process, if a return needs to be changed.

Mail amended returns to:

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

Additional information

The ERO is required to keep the following paper documentation on site for 3 years after the return is due, including extensions.

- Copy of signed original Form ND-1EF
- State copies of W-2, W-2G, and 1099R statements

If Schedule ND-1CR is filed electronically, **the ERO is required to mail** the following paper documentation to the Office of State Tax Commissioner.

- Copy of signed original Form ND-1EF
- State copies of W-2, W-2G, and 1099R statements
- Copy of the other state's income tax return being claimed on the Schedule ND-1CR.

The ERO should advise the taxpayer to keep the following material. This information can be replicas of official forms designed by the electronic filer. Data entries must be referenced to the line numbers on the official forms. This material should be provided to the taxpayer at the time the taxpayer completes Form ND-1EF.

- Declaration for Filing of Form ND-1 2002 (Form ND-1EF).
- Taxpayer copies of W-2, W-2G, and 1099R statements for 2002.
- Copies of any other documents being included with the return by the taxpayer as supporting material.

Electronic returns that indicate a refund can be filed through October 15, 2003 without an extension.

After electronic returns are submitted, they cannot be recalled or intercepted. If the ERO or taxpayer needs to change the return, a North Dakota amended return must be filed using the paper process.

Questions concerning the status of individual returns and/or refunds (within 30 days from the date of acknowledgment) should be directed to the Office of State Tax Commissioner at (701)328-3102. Information needed by the Office of State Tax Commissioner includes the primary Social Security number, DCN, and the acceptance/acknowledgment date of the return.

If a return is not acknowledged as accepted by the IRS and the Office of State Tax Commissioner, the ERO must immediately advise the taxpayer that the return was not filed.

Application process

In order to participate in North Dakota E-file, you must apply to the IRS, using Form 8633, and be accepted as an ERO in the federal electronic filing program. Once accepted by the IRS, you will need to follow these procedures, depending on your type of participation, to participate in North Dakota E-file. **Federal publication 1345 specifies the application process and requirements for federal participation.**

ERO

If this is your first year as a North Dakota ERO, or if you have applied for and received new or additional EFINs from the IRS:

1. Complete and sign Form ND-8633, electronic filing application, located in Appendix B.
2. Return the completed application to the Electronic Filing Unit of the Office of State Tax Commissioner.

If you participated as a North Dakota ERO last year and are filing under the same EFIN:

You are automatically registered and do not need to complete another electronic filing application, ND-8633. However, if there have been any revisions made to your Federal 8633 since you registered last year, please submit a revised ND-8633 to the Office of State Tax Commissioner.

An ERO, who is also a transmitter of North Dakota electronic returns, must have an active account with GAC Taxpro to receive the state acknowledgement. See page 16 for more information.

Transmitter

As a transmitter, who is not an ERO, the only requirements are:

1. Make sure you have an active account with GAC Taxpro to receive North Dakota acknowledgments, (see page 16).
2. Test your transmission software with the IRS and the Office of State Tax Commissioner to be sure the state acknowledgments are received properly.

Software developer

As a software developer, you must obtain the North Dakota file specifications for Individual Income Tax returns (2002), and:

1. Successfully complete testing procedures with the IRS.
2. Complete the North Dakota electronic filing application, ND-8633, if participating as an ERO.
3. Successfully complete testing procedures with the Office of State Tax Commissioner.

The file specifications are available in a PDF format to download from the department's web site: www.ndtaxdepartment.com under Individual Income ► Electronic Filing ► Information for EROs.

Acceptance process

North Dakota EROs must meet federal acceptance standards, and be officially accepted by the IRS prior to state acceptance. Acceptance into the federal program does not mean automatic acceptance into North Dakota E-file. **You must also receive written notification from the Office of State Tax Commissioner to be accepted for North Dakota E-file.** Although EROs and transmitters use computers in their electronic filing business, only Software Developers are required to test their software with the Office of State Tax Commissioner.

ERO acceptance

The Office of State Tax Commissioner will conduct a state liability check on ERO applicants for North Dakota E-file. **The Office of State Tax Commissioner reserves the right to deny participation in North Dakota E-file if your company has not been accepted as a federal ERO, or has any outstanding tax liabilities with the state.** In this case, you will be notified immediately.

EROs accepted into the federal program are assigned an Electronic Filing Identification Number (EFIN) by the IRS. The same EFIN will be utilized by the Office of State Tax Commissioner to identify you.

The Electronic Filing Unit will notify you in writing of your acceptance into North Dakota E-file.

Software developer acceptance

All software developer participants are required to follow the IRS testing procedures for

acceptance into the program. Testing for North Dakota returns will run concurrent with the IRS testing. The state test data will be retrieved from the IRS and examined by the Electronic Filing Unit of the Office of State Tax Commissioner. All North Dakota test scenarios must be correctly formatted and approved by the Electronic Filing Unit before acceptance is given.

Software developers requesting participation in the program will be provided with test material and instructions to perform the North Dakota E-file testing. To begin processing “live” data, software developers must successfully complete the IRS PATS testing and the North Dakota E-file testing. At the completion of the state testing, the Office of State Tax Commissioner will mail the developer a letter confirming their acceptance into North Dakota E-file. The Electronic Filing Unit does not assign software license numbers, but a general description entered in that field on the electronic return is helpful. **EROs should verify with their software provider that their software has been tested and approved by the Office of State Tax Commissioner prior to submitting North Dakota returns.**

Transmitter acceptance

Transmitters are not required to submit a paper application or participate in state software testing. Transmitters must complete federal testing and be accepted by the IRS prior to sending state returns and receiving acknowledgments from North Dakota. Transmitters accepted into the federal program are assigned an Electronic Transmitter Identification Number (ETIN) by the IRS. The same ETIN will be utilized by the Office of State Tax Commissioner to identify transmitters.

Electronic return processing

When a tax preparer (ERO) files a Federal/State electronic return, the process works like this:

1. Both the federal and the North Dakota return are filed in one transmission to the IRS Austin Service Center. In order to do this, the ERO must use approved software.
2. The IRS will review the federal return, and once it is determined to be acceptable, they will send an acknowledgment to the ERO.
3. The Office of State Tax Commissioner will retrieve the North Dakota return from Austin, and review the return.
4. Once the department reviews the return and determines it can be processed, the Office of State Tax Commissioner will send an acknowledgment to the ERO for the North Dakota return.
5. The department processes the return, corrects any errors encountered, and forwards the refund to the taxpayer.

Acknowledgments will be available for the North Dakota returns within 72 hours of the original transmission. If you do not receive an acknowledgment by then, please contact the Electronic Filing Unit.

Taxpayers receiving a refund can expect to receive their refund within ten days of the original transmission. Direct deposit of their refund is also available. Direct deposit is usually 1-2 days faster than the paper check. This expectation can be met on the returns filed without any errors. If there are errors encountered, the department makes every effort to process the returns so the ten day refund turnaround is still met.

Contents of the electronic return

The North Dakota return package will consist of the state and federal return data transmitted electronically. The federal electronic information will include the forms, schedules and documents

required by the IRS. The following North Dakota forms and schedules may be transmitted as part of the electronic return:

Form ND-1	North Dakota individual income tax return
Form 400-UT	Under payment of estimated individual income tax
Schedule ND-1NR	North Dakota nonresident and part-year resident filers
Schedule ND-1CR	Credit for taxes paid to another state
Schedule ND-1FA	North Dakota farm income averaging
Schedule SF	North Dakota separate filers

Refund processing

Taxpayers may elect to have their tax year 2002 refund credited in one of the following ways:

1. Sent as a paper check;
2. Deposited electronically into their financial institution account;
3. Applied as an estimated payment to next year's tax liability;
4. Donated to the Watchable Wildlife Fund or the Trees for ND Program Trust Fund.

Refunds applied under options 1 and 2 should occur within ten days of the transmission of the taxpayer's return.

Direct deposit

North Dakota refunds by direct deposit are electronically transferred to the financial institution account as indicated on the state electronic filing record. **The financial institution accounts into which the North Dakota refund and the IRS refund are deposited may be different. Therefore, the state and federal Routing Transit Numbers (RTN) and Deposit Account Numbers (DAN) could be different.**

The Office of State Tax Commissioner will make state refunds by direct deposit to a taxpayer's financial institution according to the following requirements:

1. Information within the North Dakota electronic return includes the taxpayer bank RTN, type of account and DAN, and it is accurate;
2. The taxpayer confirms with their financial institution that they can accept ACH (Automated Clearing House) transactions; and
3. Taxpayer(s) complete and sign the North Dakota Form ND-1EF.

IRS Publication 1345 sets forth detailed eligibility requirements, responsibilities, and instructions governing tax preparers, transmitters, and EROs who offer taxpayers the option of direct deposit. Those same rules, policies, and procedures apply when offering direct deposit on the state return.

CAUTION: The taxpayer CANNOT change bank accounts between the time they file their tax return and receive their refund by direct deposit. Invalid or missing direct deposit information will cause a direct deposit refund to be automatically converted to a paper check.

Preparers and EROs must stress to taxpayers the importance of supplying correct information because neither the direct deposit election, nor the RTN and DAN may be changed once the return has been acknowledged by the Office of State Tax Commissioner. The Office of State Tax Commissioner may deem that certain conditions justify conversion of a direct deposit to a paper check.

The North Dakota acknowledgment only indicates receipt of the return at the Office of State Tax Commissioner. It **does not** indicate proof that a refund check will be issued, a direct deposit will be honored, or the expected refund amount will be the actual refund amount. The North Dakota Acknowledgment **does** indicate whether a direct deposit or a paper warrant **was requested** on the state electronic return.

Balance due processing

Taxpayers must remit their tax liability from an electronic North Dakota return with a North Dakota individual electronic return payment voucher, Form ND-1V. An ERO who files a balance due electronic return for a taxpayer must follow these procedures:

1. Provide the completed Form ND-1V to the taxpayer;
2. Instruct the taxpayer their payment is due on or before April 15, 2003. If payment is not made by April 15, 2003, penalties and interest will apply to the balance due;
3. Instruct the taxpayer to make sure "ND-1V" is written on the outside of the envelope; and
4. Stress to the taxpayer **NOT TO MAIL a copy of their tax return with their payment.**

NOTE: If a change is made to the electronically filed return after Form ND-1V was provided to the taxpayer, be sure a new Form ND-1V is provided for the correct amount due.

Form ND-1EF “Declaration for electronic filing of Form ND-1” signature document

Form ND-1EF is the North Dakota equivalent of the federal Form 8453. Taxpayers must verify Parts I and II, and sign the Form ND-1EF before the electronic returns are transmitted. A copy of the form is found in Appendix A. Preparers and EROs must keep the signed Form ND-1EF and supporting documents for three years after the due date of the return, including extensions. At a later date, the Office of State Tax Commissioner may request copies of the Form ND-1EF and attachments for specific taxpayers. **Do not mail Form ND-1EF and attachments to the Office of State Tax Commissioner unless requested, or if Schedule ND-1CR is being filed electronically, (see page 14).**

Part I - Tax return information

Enter the information requested from the Form ND-1. These entries must match the entries on the corresponding lines of the electronic return.

Part II - Direct deposit of refund

Taxpayers can elect to have their refund directly deposited. EROs are responsible for verifying that the direct deposit information on this form is consistent with the direct deposit information within the taxpayer’s electronic return.

- Write in the name of the financial institution, and branch if applicable;

- The RTN must contain nine digits. If the RTN does not begin with 01 through 12 or 21 through 32, the direct deposit request will be rejected. If there is any doubt about the correct RTN, the taxpayer should contact the financial institution and ask for the correct RTN for direct deposit (electronic funds transfers).
- The DAN can contain up to 17 alphanumeric characters. Include hyphens, but omit spaces and special symbols. If there are fewer than 17 characters, enter the number from left to right, and leave the unused boxes blank.
- The account designated to receive the direct deposit must be in the taxpayer’s name. If the taxpayer’s filing status on the return is married filing jointly, the account can be in either or both spouses’ names. If the filing status is married filing separately, it can be in the taxpayer’s name, or it can be a joint account in both spouses’ names.

NOTE: Some financial institutions do not permit the deposit of a joint refund into an individual account. The Office of State Tax Commissioner is not responsible when a financial institution refuses a direct deposit for this reason.

Part III - Taxpayer declaration

After preparing the return, but before transmitting it, the taxpayer (and spouse, if joint) must verify the return information and sign and date the Form ND-1EF. The preparer or ERO keeps the original and provides a copy of the completed Form ND-1EF to the taxpayer.

Part IV - ERO and paid preparer declaration

EROs and paid preparers are required to complete all information requested in Part IV of Form ND-1EF. The federal preparer tax identification number (PTIN) may be provided in lieu of the ERO's or paid preparer's social security number. When the ERO is not the paid preparer, and the taxpayer is unable to obtain the paid preparer's signature on the Form ND-1EF, a copy of the appropriate pages of the paper return with the paid preparer's signature must be retained with the Form ND-1EF.

Attachments to Form ND-1EF

1. State copies of Form W-2s, W-2Gs and 1099s - anything with state withholdings identified
2. Other necessary attachments to explain information stated.

When to mail Form ND-1EF

If Schedule ND-1CR is filed electronically, Form ND-1EF must be mailed to the Office of State Tax Commissioner with the following paper documentation.

- State copies of Form W-2s, W-2Gs, and 1099s - anything with state withholding identified.
- Copy of the other state's return.

If the North Dakota electronic return does not include Schedule ND-1CR, do not mail Form ND-1EF and attachments to the Office of State Tax Commissioner, unless requested.

Corrections to Form ND-1EF

If the ERO changes the electronic return *after* the taxpayer has signed the Form ND-1EF, but *before* it is transmitted, the taxpayer must complete and sign a corrected Form ND-1EF if:

1. The Adjusted Gross Income, Line 1, changes by more than \$50.
2. The Refund, Line 4, changes by more than \$14.

Non-substantive changes are permissible on the Form ND-1EF if the person making the corrections initials the changes. Non-substantive changes are limited to corrections within the above tolerances for arithmetic errors, transposition errors, misplaced entries and spelling errors.

Transmitting electronic returns

Since transmitters send the North Dakota electronic return with the federal returns, they must follow all electronic transmitting procedures, communication requirements and technical specifications required by IRS *Publication 1345*.

Where to transmit Federal/State returns

Transmit returns only to the Ogden Service Center.

Reject codes received from the Ogden Service Center

The IRS may reject the federal and state returns if there are any errors when the Ogden Service Center receives them. A reject code in the acknowledgment record will indicate why the IRS will not accept the returns (see the IRS handbook *Publication 1345A*).

The Federal and State returns are accepted or rejected by IRS

If the IRS rejects a federal return due to errors, they will also reject the attached state return. Likewise, the federal return will be rejected if the IRS rejects the state return. The IRS signature document, Form 8453, “U.S. Individual Income Tax Declaration for Electronic Filing,” informs taxpayers that errors on their state return may delay their federal return.

North Dakota uses a feature of the Federal/State ELF called consistency checking. The IRS checks several items on the state return to make sure those items match the information on the federal return. If one or more of these items do not match, or if the state return data is improperly formatted, the IRS will reject both the federal and state returns.

The transmitter may correct the state and federal returns and re-transmit them to the IRS. If the state return cannot be corrected, the filer has the option of re-transmitting the federal return and filing a paper state return by mail. You cannot file the state return electronically, unless you file the federal return electronically at the same time.

IRS reserves the right to revoke the electronic filing privilege of any transmitter who does not consistently transmit error-free returns.

The IRS acknowledgment record also contains a code indicating whether a state return was filed with the accepted or rejected federal return. The code will be blank if no state return was filed with the federal return. The code will be “ND” if a North Dakota return was filed with the federal return.

IRS acceptance of the federal and state returns does not mean that the Office of State Tax Commissioner has received the state tax return. See the following section on North Dakota acknowledgments.

Any electronic return must be acknowledged before it is considered a filed return.

North Dakota (ND) acknowledgments

Purpose of ND acknowledgment

1. A North Dakota (ND) acknowledgment informs the transmitter (who in turn informs the ERO or preparer) that the Office of State Tax Commissioner has retrieved the state return from the IRS and is processing it or is rejecting it.
2. The ND acknowledgment is separate from the IRS acknowledgment. Receiving the IRS acknowledgment does not mean the state return was accepted by the Office of State Tax Commissioner.
3. The acknowledgment does not indicate whether there are any errors that will be corrected when the return is processed.
4. The Office of State Tax Commissioner will not reject any returns unless the state data cannot be used. In the event a state return is rejected, it must be re-filed on paper. The code you receive will correspond to this list:
 - A = Accepted return
 - R = Rejected return - no reject codes present
 - D = Duplicate return
5. The ND acknowledgment does show whether a refund, zero-balance, or balance due return was filed. The following codes will be found in the 36th field of the acknowledgment:

D	=	Direct deposit
C	=	Refund check
F	=	Direct deposit was requested, but a refund check will be issued.
B	=	Balance due return
Blank	=	Zero-balance due return

Under normal processing conditions, ND acknowledgment files will be available for retrieval by transmitters within three working days after they have transmitted the federal and state returns.

REQUIREMENT: Transmitters **must** provide the ND acknowledgment information to the preparers and EROs.

ND acknowledgment system

To receive the acknowledgments from North Dakota for electronic returns, please contact AKSYS at 800-231-6137. GAC Taxpro will set up a mailbox for you to receive North Dakota acknowledgments. If you already have a mailbox with GAC Taxpro, you do not have to get an additional box. You may also contact them by e-mail at:

gee-ay-cee.online@worldnet.att.net

Appendix A



ND-1EF Declaration for Electronic Filing 2002 of Form ND-1

XXX-XX-XXXX

XXX-XX-XXXX

Declaration Control Number (DCN)

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Part I: Tax Return Information
 (Whole dollars only)

1. Adjusted gross income (from line E, Form ND-1) 1. _____

2. Tax liability (from line 22, Form ND-1) 2. _____

3. North Dakota income tax liability (from line 23, Form ND-1) 3. _____

4. Refund (from line 24, Form ND-1) 4. _____

5. Balance due (from line 25, Form ND-1) Submit with Form ND-1V 5. _____

Part II: Direct Deposit Information

Name of financial institution branch name, if applicable _____

Routing transit number _____

Depositor account number (ND) _____

Type of account Savings Checking

Part III: Taxpayer Declaration

I declare the amounts above agree with those reported on my 2002 income tax return. Under penalties of law, I also declare that the information on my income tax return and attachments is correct and complete to the best of my knowledge and belief. I consent that my return, including this declaration, be sent electronically to the Office of State Tax Commissioner by the originator's name. I understand that the information will be transmitted first to the IRS and retransmitted to the Office of State Tax Commissioner. I agree that the Office of State Tax Commissioner may disclose to the originator whether my electronic filing was accepted and, if necessary, the reasons for rejection.

Your signature _____	Originator's signature _____	Date _____
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Part IV: Electronic Return Originator (ERO) and Paid Preparer Declaration
 (See instructions)

ERO's Use Only

I declare that I have reviewed the above taxpayer's return and that the entries on this form are complete and correctly represented based on the information provided to me to the best of my knowledge. I also declare that I have followed all other requirements described in IRS Publication 1345, Revised 2001, Instructions for Electronic Filing of Individual Income Tax Returns (Tax Year 2002), and the North Dakota Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 2002). If I am also the paid preparer, under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

ERO's signature _____	Date _____	ERO's SSN or PTIN _____
Firm's name (or yours if self-employed) and address _____	Check if also paid preparer <input type="checkbox"/>	
		EIN _____

Paid Preparer's Use Only

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Preparer's signature _____	Date _____	Preparer's SSN or PTIN _____
Firm's name (or yours if self-employed) and address _____	Check if self-employed <input type="checkbox"/>	
		EIN _____

DO NOT MAIL! RETAIN IN YOUR FILE.

Appendix B

Form North Dakota Office of State Tax Commissioner
ND-8633 Electronic filing application

To participate in the individual income tax e-file program

For Department Use Only
Date Received:
Accept:
Reject:

Check applicable box: New application Revised application

See instructions on reverse side

Name of applicant (legal name)		Social Security Number or FEIN	
Trade name of business (if different from name above)		EFIN	
Mailing address (Street or P.O. Box, City, State, ZIP Code)			
Business address (Street, City, State, ZIP Code) (physical location)			
Contact person:		Alternate contact person:	
Daytime telephone number ()	E-mail address	Daytime telephone number ()	E-mail address

I. Type of business entity (check only one box)

- Sole proprietorship
- Partnership
- Corporation
- Other (Specify) _____

II. Please answer the following questions:

- A. Will you transmit tax return data directly to the IRS? Yes No
 If yes, provide Electronic Transmitter Identification Number (ETIN): _____
- B. If you are not a direct transmitter, print the name of the transmitter to be used:

- C. Will you develop electronic filing software? Yes No If yes, enter test date: _____. If no, enter the software package you plan to use: _____.
- E. Do you (applicant) have any unfiled North Dakota tax returns or unpaid North Dakota tax liabilities? Yes No
- F. **Sole proprietors and partnerships only:** Does sole proprietor or any partner have any unfiled North Dakota tax returns or unpaid North Dakota tax liabilities? Yes No

APPLICANT AGREEMENT

I, by my signature below, acknowledge that I am a principal of the applicant (as defined for purposes of Federal Form 8633) and am authorized to sign this document on behalf of the applicant. I also acknowledge that the applicant and any other persons charged with the responsibility or supervision of the applicant's participation in this program understand and accept responsibility for all conditions and requirements set forth in this application and its instructions, and any rules and regulations promulgated by the tax commissioner to implement this program.

Under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, I declare that I have examined this application and any accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of principal (or owner, if sole proprietorship)	
Print name of person whose signature appears above	Date