

# PENNSYLVANIA FED/STATE E-FILE HANDBOOK



## pennsylvania DEPARTMENT OF REVENUE

### Pennsylvania e-File Handbook for Authorized e-File Providers of 2017 Pennsylvania Individual Income, Corporation, Trust and Estate and Partnership Information Returns





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## SECTION 1. OVERVIEW

Publication REV-993, Pennsylvania e-File Handbook provides authorized e-File providers with specific requirements and procedures for electronic filing through the Modernized e-File (MeF) platform provided by the Internal Revenue Service (IRS) also known as Fed/State e-File and identifies those items which are unique to the electronic filing of Pennsylvania returns. The procedures in this document apply to all Fed/State e-File Programs. All publications referenced in this document are available through the FTA secured State Exchange System. Check the website frequently for updated information on e-filing through the Fed/State e-File Program.

The Pennsylvania Department of Revenue, in conjunction with the IRS will be accepting Pennsylvania individual, corporation, fiduciary and partnership returns with corresponding forms and schedules for tax year 2017. The method of submission is through the MeF platform provided by the IRS. The Fed/State e-File Program allows tax preparers and taxpayers to file federal and state returns in one electronic submission.

The process is designed to separate and encapsulate the federal and state return/report data in two distinct filings from one submission. The federal portion will contain only the data pertaining to the federal tax return. The associated state portion will contain all the data needed for filing the state returns/reports, which includes a copy of the requested federal data. If the state submission is associated with a federal submission, there will be a link contained in the state submission to the associated federal submission.

The IRS acknowledges to the transmitter the acceptance of the federal submission and receipt of the state submission. The state submission is then retrieved by the department and processed. The department acknowledges to the transmitter the processing or rejection of Pennsylvania submissions through the IRS.

The state submission consists of a manifest and payload. The manifest provides identifying information about the state submission and information the IRS needs to perform limited validation. The payload includes the state XML data, binary attachments in portable document format (PDF) and a copy of the requested federal data as required by the state.

## SECTION 2. GENERAL INFORMATION

### 2.1. DEFINITIONS

**Electronic Return Originator (ERO)** – Authorized e-file provider that originates the electronic submission of returns to the IRS.

**Federal Submission** – A federal tax return with accompanying schedules.

**Received Date** – The date and time the return is received and accepted by the IRS from the transmitter.

**Schema** – A document that defines the data types, content, structure and allowed elements.

**Software Developer** – A firm, organization or individual that develops software for the purpose of:

- formatting electronic tax return/report information according to return/report layouts and specifications; and/or
- transmitting electronic returns/reports information directly to the IRS.

**State Submission** - A Pennsylvania return/report with accompanying schedules as required by the department. A state submission also includes a complete copy of the federal return data as required by the department.

**Transmitter** – A firm, organization or individual that transmits electronic returns/reports directly to the IRS. A transmitter must have software and computers that allow it to interface with the IRS.

**XML** – Short for Extensible Markup Language, a language for defining and processing data.

**RTN** – Routing transit number

**DAN** – Deposit account number

### 2.2. PROGRAM PARTICIPATION

The Pennsylvania Department of Revenue requires each tax services provider to complete REV-721 Pennsylvania Electronic Filing Agreement. The agreement must be completed and signed by an authorized representative. A signed agreement is required in order to receive certification for the Pennsylvania MeF Fed/State e-File Program.

The Fed/State e-File Program is available to all interested parties that have been accepted as authorized IRS e-File providers in the Federal e-File Program and that transmit returns/reports to the

IRS. This includes EROs, transmitters and software developers defined herein.

To participate in the Fed/State e-File Program, participants must first be accepted by the IRS for e-filing. Participants must reference and meet specifications outlined in IRS Publication 3112 and 4164. The department does not require approved EROs, transmitters, and software developers to register separately for electronic filing in Pennsylvania.

### **2.3. PROVIDER RESPONSIBILITIES**

Authorized e-File providers must adhere to all IRS and Pennsylvania e-File rules, requirements and specifications applicable to the e-File activities they conduct. Responsibilities include, but are not limited to:

#### **Software Developer**

- Develop software in accordance with statutory requirements and Pennsylvania return preparation instructions and provided business rules.
- Provide accurate Pennsylvania returns/reports in the correct electronic format.
- Provide data validation, verification and error detection to prevent transmission of incomplete, inaccurate or invalid return information.
- Prevent electronic filing of any form or schedule not approved for electronic filing by the department.
- Include electronic signature information in the software.
- Successfully complete all testing as required.
- Correct any software errors that may occur after production begins and work with the department to follow up on any processing issues that may arise during filing season. If software providers need to re-release corrected software, the release must be done in a timely manner, and proper notification must be provided to all customers.

#### **Transmitter**

- Timely transmit returns/reports, retrieve acknowledgement files and send acknowledgement file information to the appropriate ERO.

- Provide an e-postmark for every Pennsylvania return/report.
- Promptly correct transmission errors causing electronic transmissions to be rejected.
- Ensure the security of all transmitted data.

#### **Electronic Return Originator (ERO)**

- Identify the paid preparer (if any) in the appropriate field of the electronic record of returns and/or reports it originates.
- Inform taxpayers of obligations and options for paying balances due. Taxpayers who have balances due must pay them by the original due dates of the returns/reports in order to avoid interest and penalties.
- Ensure appropriate signatures are included in the electronic returns/reports.
- Originate the electronic submission of returns/reports as soon as possible after they are signed.
- Retain signed signature documents for the timeframe required from the due date of the return/report or the date the return/report was filed electronically, whichever date is later.
- Ensure acknowledgements are received for all state submissions filed.
- Instruct taxpayers that if a Fed/State submission is rejected by the IRS, a state stand-alone submission must be filed to meet the established due date.

### **2.4. INCLUSION OF FEDERAL DATA**

Each state filing must include a copy of the federal data using the most current published version of the IRS XML schema.

### **2.5. TIMELY FILED SUBMISSIONS**

All due dates for filing paper returns apply to electronic returns. The department recognizes the electronic postmark as the date received by the department. A state submission and an electronic payment are considered timely-filed if the received date is prior to the due date for Pennsylvania returns.

## 2.6. AMENDED REPORTS/RETURNS

After a state submission is acknowledged as received, it cannot be recalled or intercepted. If the ERO or taxpayer wishes to change any entry on an accepted state submission, an amended return must be filed.

## 2.7. ACCEPTED FILING TYPES

**Fed/State** - An original federal submission and one original state submission containing a link to the original federal submission (includes the submission ID of the federal return in the state manifest).

The Fed/State submissions do not have to be transmitted together; however, the state submission must include a pointer to the original federal return.

**Note:** If a state submission is linked to a federal submission and the state submission is to be transmitted separately, please transmit the federal submission first. After it has been accepted, send in the state submission.

**State Stand-Alone** - An original state submission that does not contain a link to a previously submitted original federal submission.

## 2.8. SCHEMA REQUIREMENTS

- Software developers are required to apply data from the Pennsylvania spreadsheets or tax forms to the appropriate data element from the XML schema. State data must conform to the requirements and specifications outlined in this handbook.
- Federal data required by the department for inclusion in the state submission must conform to the most current published version of the IRS XML schema.
- Values for data elements identified by the department as required fields must be included in the XML schema and passed to the department, even when the value of the data element is zero.
- Values for data elements identified by the department as fields not required should be included in the XML schema and passed to the department only when the taxpayer enters a value, even if the value is zero.
- All XML data must be valid and well-formed.

## 2.9. SUBMISSION AND TRANSMISSION SPECIFICATIONS

- The transmission protocol will be Web Services using Simple Object Access Protocol (SOAP) with attachments messaging.
- A state submission contains XML data, binary attachments in PDF format and a copy of the federal submission as required by the department.
- Packaging of data and transmission payload must conform to all submission and transmission file structures.
- If the IRS rejects a federal submission, the department will not receive the state submission. The Fed/State submission must be corrected and re-submitted as a Fed/State submission or state stand-alone submission.
- Each submission must be in zip archive format.
- The SOAP message itself must not be compressed or zipped.
- The SOAP message must contain a header, a body and an attachment.
- The ERO and transmitter must be approved with the IRS to submit Fed/State submissions.
- The department will produce acknowledgements of processing or rejection for each state submission. The transmitter will then retrieve the state acknowledgements from the IRS.

### Expected Values for State Submission Manifest

Form	Submission Type
PA-40	PA1040
REV-276 EX	PA40EXT
PA-41	PA1041
REV-276 EX	PA41EXT
PA-20S/65	PA65PA20S65
PA-65 CORP	PA65PA65CORP
RCT-101	PA20RCT101
RCT-101I	PA20RCT101I
FORM 853	PA20EXT
PA65ESR	PA40ESRP
REV-276 EX	PA65EXT
PA40ESR	PA40ESRP



For more information on conforming to transmission and submission file structures, refer to IRS Publications 4163 and 4164 at [www.irs.gov](http://www.irs.gov).

## 2.10. SOFTWARE ACCEPTANCE, TESTING AND APPROVAL

- All participants are required to pass the IRS's acceptance testing system procedures for acceptance into the Fed/State e-File Program.
- The Electronic Filer Identification Number (EFIN) and Electronic Transmitter Identification Number (ETIN) assigned by the IRS will be used by the department. These numbers will be required for use in every submission for identification/verification of testing and production returns.
- The software used to capture and transmit data must be approved by the IRS and the department.
- When a software developer's test returns/reports have been accepted by the IRS, the state data will be retrieved by the department for testing.
- Software developers must transmit test files, as specified by the department, to ensure the software meets the department's specifications.
- All software developers are required to test with the department for approval of the software.

**Note:** Test materials and instructions may be obtained using the contact information in Section 7.

- Software developers must support the schedules and forms specified by the department.
- Software developers that produce a facsimile of payment vouchers, PA-8879 and/or PA-8453 with a software package must submit the appropriate number of copies to the department for testing and approval. Five copies of the substitute voucher must be mailed to the address below. Two copies of PA-8879 and two copies of PA-8453 must be mailed or emailed in PDF format to:

## JARED DUNLOP

PA DEPARTMENT OF REVENUE  
BUREAU OF ADMINISTRATIVE SERVICES  
12TH FL 4 TH & WALNUT ST  
HARRISBURG PA 17128  
Telephone: 717-705-0593  
Email: [jdunlop@pa.gov](mailto:jdunlop@pa.gov)

- Software developers must include the edits and verifications based on the business rules for each field or data element specified by the department. Software developers must closely follow the requirements for each field to insure proper data formatting.
- The department will provide test results and vendor approval in written confirmation to the vendor.

## 2.11. SUSPENSION

The department reserves the right to suspend or revoke the electronic filing privileges of any electronic filer who varies from the Pennsylvania e-File requirements and specifications.

## 2.12. ACKNOWLEDGEMENT OF SUBMISSIONS

The department electronically acknowledges the receipt of all state submissions. After the retrieval of state submissions from the IRS, the department will generate acknowledgement records and transmit them to the IRS for retrieval by transmitters. The acknowledgement is an electronic confirmation of receipt and informs transmitters that the Pennsylvania returns/reports transmitted have been received and processed or rejected by the department. The acceptance code "A" indicates a return/report has met the department's processing criteria and is considered received, and the rejection code "R" indicates a return/report has failed to meet the department's processing criteria.

Should a return/report be rejected, a unique rejection code will be included in the acknowledgement to identify the reason for rejection. Transmitters should communicate acknowledgment results back to the appropriate ERO for resolution if applicable.

If the return/report is rejected, the transmitter/software developer/ERO/taxpayer is required to re-submit a corrected return/report or file by other means.



## SECTION 3. PARTNERSHIP E-FILE

### 3.1. WHAT'S NEW

#### PA-20S/PA-65 Return

On the PA20S/PA-65 return, page 3, Part IX a column was added to the grid for identifying disregarded entities. The new grid box labeled "D" should be marked with a "yes" if the filing entity received income (loss) from a disregarded entity.

### 3.2. ACCEPTED PENNSYLVANIA PARTNERSHIP FORMS AND SCHEDULES

The following are the Pennsylvania partnership forms and schedules that will be accepted for tax year 2017 in XML format. The appropriate XML schemas for these forms are on the department's website, [www.revenue.pa.gov](http://www.revenue.pa.gov).

PA-20S/PA-65	PA S Corporation/Partnership Information Return
Partner/Member/Shareholder Directory	Partner/Member/Shareholder Directory
PA Schedule D-I	Sale, Exchange or Disposition of Property Within PA
PA Schedule D-II	Sale, Exchange or Disposition of Property Within PA
PA Schedule D-III	Sale, Exchange or Disposition of Property Outside PA
PA Schedule D-IV	Sale, Exchange or Disposition of Property Outside PA
PA Schedule E	Rent and Royalty Income (Loss)
PA Schedule RK-1	Resident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits
PA Schedule NRK-1	Nonresident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits
PA Schedule M	Reconciliation of Federal-Taxable Income (Loss) to PA-Taxable Income (Loss) – Part A  Reconciliation of Federal-Taxable Income (Loss) to PA-Taxable Income (Loss) – Part B
PA Schedule OC	Other Credits
PA Schedule H-Corp	Corporate Partner Apportioned Business Income (Loss)

PA-65 Corp	Directory of Corporate Partners
PA Schedule CP	Corporate Partner CNI Withholding
PA Schedule A	Interest Income
PA Schedule B	Dividend Income and Capital Gain Distributions
PA Schedule H	Apportioned Business Income (Loss)/ Calculation of PA Net Business Income (Loss)
PA Schedule NW	Nonresident Withholding Payments PA S Corporations and Partnerships
PA Schedule J	Income from Estates or Trusts
PA Schedule T	Gambling and Lottery Winnings
PA Schedule I	Amortization of Intangible Drilling Costs
PA P-S KOZ	Schedule P-S KOZ Keystone Opportunity Zone
PA-65 ESR	Estimated Withholding Tax for Nonresident Owners
REV-276	Application for Extension of Time to File

### 3.3. SCHEDULE CHANGES AND ADDITIONS

#### Accepted PDF Forms

Below are Pennsylvania forms and schedules that will be accepted for tax year 2017 as binary attachments in PDF format. When naming binary attachments in PDF format, tax preparation software must use the names noted below.

For Pennsylvania forms and schedules not identified above, tax preparation software must note "PAMiscStateAttachment" as the file name.

Miscellaneous PDF files cannot exceed 60 MB. If additional miscellaneous files are needed, use numeric labeling at the end of file name. For example, PAMiscStateAttachment2.

**Note:** A single-member limited liability company (SMLLC), as a disregarded entity (a branch or division), reports income on the parent PA-20S/PA-65 Information Return.

<b>Federal Form 3115</b>	<b>Application for</b>	<b>FF3115.PDF</b>
	<b>Change in Accounting Method</b>	
<b>Federal Form 8824</b>	<b>Like-Kind Exchanges</b>	<b>FF8824.PDF</b>

### 3.4. EXCLUSIONS TO ELECTRONIC FILING

The following Pennsylvania partnership forms and schedules cannot be filed electronically through Fed/State e-File:

- PA-20S/PA-65, PA S Corporation/Partnership Information Return for tax periods prior to 2015.
- PA-20S/PA-65, PA S Corporation/Partnership Information Amended Return for tax years prior to 2015.
- PA-40 NRC, Nonresident Consolidated Income Tax Return
- PA Schedule NRC-I, Directory of Nonresident Owners (Individuals)
- PA-65 Corp, Directory of Corporate Partners – Only if the entity chooses to pay via check instead of ACH. If submitting payment by check instead of ACH for corporate partner(s), the PA-65 Corp must be attached as a payment voucher with the check.
- Debits from financial institutions outside of the territorial jurisdiction of the U.S.
- The PA-20S/PA-65 is an information return that does not provide the option for requesting a refund or carry-forward of overpayments. If the overpaid amount is not passed through to the nonresident individual, estate or trust on the respective PA Schedule NRK-1, or claimed on a PA-40 Nonresident Consolidated Income Tax Return, then the entity must send a written request to:

PA DEPARTMENT OF REVENUE  
NONRESIDENT WITHHOLDING  
TAX REFUND  
PO BOX 280600  
HARRISBURG PA 17128-0600  
FAX: 717-705-6236  
EMAIL:  
RA-BITPITBILL-REJECTED@PA.GOV

The request must be on company letterhead and include the entity's name, tax year, Social Security number(s) of the owner(s), amount of nonresident withholding paid, amount of nonresident withholding tax liability, the requested refund amount and/or carry forward to the next year of nonresi-

dent withholding and reason for request. Direct deposit is not an option.

### 3.5. SIGNATURE REQUIREMENTS

An electronic PA S Corporation/Partnership Information Return (PA-20S/PA-65) must be signed by a general partner, principal officer or authorized individual and in addition by the paid preparer, if applicable. Two signature options are available, as described below.

- The federal self-select PIN option - This option consists of two PINs, one for the taxpayer and one for the practitioner. In order for the department to accept the federal self-select PIN as a signature, software developers must display a jurat/disclosure statement, similar to the language on the PA-8879-P, Page 3, Electronic Signature Specifications and meeting the requirements of 72 P.S. § 7333 and 61 Pa. Code §121.23. Taxpayers and EROs must complete PA-8879-P, Pennsylvania E-File Signature Authorization for PA S Corporation/Partnership Information Return (PA-20S/PA-65) – Directory Of Corporate Partners (PA-65 Corp), when using this method and consenting to electronic funds withdrawals. The department requires EROs to retain completed PA-8879-P forms for three years after the due dates of the returns or the dates the returns were filed electronically, whichever is later.
- If a taxpayer elects not to use the federal self-select PIN option, or if the state submission is filed as a state stand-alone return which means there is no link to an original federal submission, the department requires the ERO to complete PA-8453-P, PA S Corporation/Partnership Information Return (PA-20S/PA-65) – Directory Of Corporate Partners (PA-65 Corp) Tax Declaration for a State E-File Return, and retain it for three years after the due date of the returns or the date the returns were filed electronically, whichever is later. PA-8453-P must be completed and signed by all appropriate parties before the return is transmitted electronically.

In the event the department selects an electronic return for examination, the ERO may be required to provide PA-8879-P and, if appropriate, PA-8453-P, within five business days of the request. A percentage of these forms will be randomly requested yearly for monitoring compliance. Do not mail these forms to the department unless requested by the department.

### 3.6. PAYMENT OPTIONS

The only acceptable electronic payment method for Fed/State Partnership e-File is electronic funds withdrawal, which is part of the current tax year return submission and is automatically and electronically transferred from taxpayers' bank accounts. The department will accept a final catch-up payment for nonresident individuals filed with an extension using the REV-276.

The following types of payments can be electronically transferred if filed through Fed/State e-File:

#### For the PA-20S/PA-65 Information Return

- Final nonresident individual tax withholding "catch-up" payment submitted with the 2017 tax year return; and
- 2018 (future) estimated payments for nonresident individual quarterly tax withholding submitted with the 2017 tax year return.
- PA-65ESR Quarterly Estimated Payments for nonresident individuals.

Future estimated nonresident individual tax withholding payments for tax year 2018 will be stored in the system as separate electronic transaction payments until the specified due date.

The nonresident individual quarterly tax withholding payment may not be submitted through electronic funds transfer, credit/debit cards or e-TIDES.

#### Electronic Funds Withdrawal

Payments made by this method are part of the state submission and are automatically and electronically transferred from taxpayers' bank account. The taxpayer must provide the ERO with appropriate bank account numbers, routing numbers, account types (checking or savings), payment amounts and dates to have payments debited (normally the

return/report due date). This allows the taxpayer to pay the balance due as soon as the return/report is processed or to pay the balance due on a future date, should the taxpayer want to file early but pay closer to the due date. The ERO should caution taxpayers to ensure their financial institutions allow electronic funds withdrawal from designated accounts before e-filing.

#### Check and 2017 Nonresident Withholding Payment Substitute Voucher

Payments remitted by check must be accompanied by the 2017 Nonresident Withholding Payment Substitute Voucher. Software vendors that will include the voucher in software must have the voucher approved by the department.

If a state submission containing an electronic funds withdrawal payment is rejected by the IRS or department, the taxpayer is still required to remit the balance due by the original return due date of the return/report. Any balance due not paid by the original return due date will be subject to interest and penalty fees.

#### For the PA-65 Corp, Directory of Corporate Partners

Corporate net income tax withholding payments on behalf of nonfiling corporate owner(s).

Payment for corporate net income tax should be included with the PA-65 Corp, Directory of Corporate Partners, portion of the transmission.

### 3.7. RE-TRANSMISSION OF REJECTED SUBMISSION

When an electronically transmitted PA S Corporation/Partnership Information Return (PA-20S/PA-65) is rejected, there is a 10-day transmission period to correct that return for electronic re-transmission. Correcting a return for electronic re-transmission is generally required when the originally signed return had errors in the XML format or errors that caused the return to fail department schema validation or business rules. If the REV-276 Application for Extension of Time to file is rejected, there will be a five day re-transmission period for the extension of time to file.

Re-transmissions will be considered timely filed if the electronic postmarks on the re-transmissions are on or before the PA S Corporation/Partnership return due dates. It is important to note the 10-day re-transmission or the five day re-transmission period does not apply to payments. If a rejected submission contains an electronic funds withdrawal payment, the taxpayer is still required to remit the balance due by the original due date of the return. The department recommends using one of the payment options outlined in Section 3.6, Payment Options, to meet due date requirements. Linked Fed/State submissions rejected by the IRS may be submitted as unlinked state stand-alone submissions provided they meet the department's XML format, schema validations and business rules.

The PA Department of Revenue follows the same guidelines as the IRS for a rejected submission. If a submission was rejected, a return can be corrected within 10 days and the received date of the original rejected return will be honored.

**Important:** The 10-day re-transmission period is not an extension of time to file. It is a period of time to correct errors in the electronic file. The 10-day re-transmission period applies to business returns filed on MeF, regardless of the date filed, due date or extended due date.

#### Common Errors to Avoid

Address on Schedule E property(ies) must be complete, including the following:

- Property Description
- Address Line 1
- Address Line 2 (optional)
- Property Description
- Address Line 1
- Address Line 2 (optional)
- City
- State
- ZIP code

#### Partnership Error Rejection Codes

Rule Number	Rule Text
X0000-002	Incorrect Transmission data.
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.

Rule Number	Rule Text
X0000-004	No submission file found in state submission directory.
X0000-005	The XML data has failed schema validation.
X0000-006	MeF Gateway experiences system error.
X0000-007	Other State Submission.
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows: The default namespace shall be set
PA20-S/PA-65-000	Software Developer Code (ID) contains an invalid Software Developer Code (not an approved developer) based on tax type and tax year.
PA20-S/PA-65-001	PA 20-S/PA-65 return was previously filed through MeF
PA20-S/PA-65-002	Total Corporate Net Income tax Withholding is greater than zero and a payment is not present.
PA20-S/PA-65-003	Net Gain (Loss) from PA Schedule D, Line 5, Column A or B on the PA20S/65 are present and Schedules D-1 through IV are not included with the filing.
PA20-S/PA-65-004	Rent/Royalty Net Income (Loss) Line 6, Column A or B on the PA20S/65 are present and Schedule E is not included with the filing.
PA20-S/PA-65-006	Invalid Requested Payment Date. If a payment is present, the Requested Payment Date must be present. The Requested payment date must be a valid date and cannot be greater than 365 days after the IRS Time Stamp Date.
PA20-S/PA-65-007	Missing required forms for return type
PA20-S/PA-65-008	Invalid State EIN. If State EIN is present, it must be 7 or 10 digits in length and only contain numeric characters.
PA20-S/PA-65-009	Business Name Line 1 must be present, left justified and must not contain any special characters other than a hyphen or more than one consecutive space.
PA20-S/PA-65-010	If Business Name Line 2 is present, it must be left justified and cannot contain any special characters other than a hyphen or more than one consecutive space.



Rule Number	Rule Text
PA20-S/PA-65-011	Payment Amount does not equal values entered in the sub amount type fields in addenda record.
PA20-S/PA-65-012	Only one sub amount type field equaling "C" is allowed.
PA20-S/PA-65-013	All Financial Transaction payments must include an Addenda Record with SubAmountType.
PA20-S/PA-65-015	Invalid payment type. A sub amount type of "P" is not valid unless a PA-65 Corp is present.
PA20-S/PA-65-016	Invalid payment type. A sub amount type of "A" is not valid unless a PA20-S/PA-65 or a PA 65ESR or a REV-276 is present.
PA20-S/PA-65-017	Invalid payment type. A sub amount type of "C" is not valid unless an RCT-101, RCT-101I or REV-853R is present.
PA20-S/PA-65-018	State Schema Version must be present.
PA20-S/PA-65-019	Bank Account Number and Routing Number cannot be the same
PA20-S/PA-65-020	Tax year in the submission file does not match tax year in the manifest file.
PA20-S/PA-65-021	The submission exceeds file size limit.
PA65ESR-001	Invalid payment type. The submission cannot contain a State payment.
PA65ESR-002	Missing payment. The submission must contain at least one Estimated Payment.
PA65EXT-001	Invalid payment type. The submission cannot contain Estimated Payments.
PA1120-021	Tax Year Begin Date cannot be greater than Tax Year End Date.
PA1120-022	Tax Year End Date cannot be greater than the Submission Date.
PA1120-023	Tax Year End Date cannot be greater than 371 days from Tax Year Begin Date.

### 3.8. EXTENSION OF TIME TO FILE

Taxpayers who have balances due must pay them by the original due date of the return in order to avoid interest and penalties. REV-276, Application for Extension of Time to File, can extend the filing due date up to five months for filing the PA S Corporation/Partnership Information Return (PA-20S/PA-65) but it does not extend the time for full payment of the catch-up nonresident withholding tax payment deadline. Taxpayers filing for an extension should file in sufficient time for the PA Department of Revenue to consider and act upon it. The REV-276 may be filed through the MeF Fed/State e-file program.

Fill in the "Extension Requested" oval at the top of the PA-20S/PA-65 Information Return.

- If the entity did not file REV-276, Application for Extension of Time to File, in paper form and has requested an extension for the federal return, include a copy of federal Form 7004 with the PA-20S/PA-65 Information Return as a PDF attachment.
- If the entity electronically filed a federal extension, include a statement as a PDF attachment.
- If the entity submitted REV-276, Application for Extension of Time to File, in paper form, it should not submit a copy of the extension paperwork with the electronic PA-20S/PA-65 Information Return and if a payment is due, payment should be in paper check form only.

**Important:** There is no extension of time to file the PA-65 Corp, Directory of Corporate Partners. The PA-65 Corp is a payment voucher for withholding corporate net income tax for nonfiling corporate partners which indicates how much was withheld for each corporate partner. It is not a tax return and therefore has no extension provision.

### 3.9. FILING REQUIREMENTS FOR PA FOR RK1/NRK1s FOR PARTNERSHIPS

For those partnerships that exceed the file size limit and/or are Publicly Traded Partnerships that requires the PA Schedule RK1/NRK1s to be filed, please contact the following individual for assistance with the electronic transmission of the PA Schedule RK1/NRK1:

PA DEPARTMENT OF REVENUE  
 PASS THROUGH BUSINESS OFFICE  
 4TH & WALNUT ST  
 HARRISBURG PA 17128  
 Telephone: 717-425-2884  
 Email: sashupp@pa.gov

## SECTION 4. CORPORATE E-FILE

### 4.1. WHAT'S NEW

For tax years beginning after Dec. 31, 2016, the percentage of the net loss deduction is 30 percent of PA taxable income.

**REMINDER** - Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc., between affiliated companies in certain instances.

### 4.2. ACCEPTED PENNSYLVANIA CORPORATE FORMS AND SCHEDULES

RCT-101	PA Corporate Tax Report is used for both the Original and Amended Tax Report
RCT-101I	Inactive PA Corporate Tax Report
RCT-103	Net Operating Loss Schedule
REV-106	Insert Sheet
REV-798	Schedule C-2 PA Dividend Deduction Schedule
REV-799	Schedule C-3 Adjustment for Bonus Depreciation, Schedule C-4 Adjustment for Disposition of Section 168(k) Property & Recapture of Depreciation on Listed Property
REV-860	Schedule L Balance Sheets, Schedule M-1 Reconciliation of Income (Loss), Schedule M-2 Reconciliation of Member's Capital Account, C-5 Schedule of Taxes, Schedule OA-Other Additions, Schedule OD-Other Deductions
REV-861	Schedule DA Disposition of Assets
REV-934	Schedule of Nonbusiness Income
REV-986	Schedule to Support Claim of Exemption from Corporate Net Income Tax Under P. L. 86-272
REV-853	PA Corporation Taxes Annual Extension Request
REV-1175	Schedule AR Explanation for Filing an Amended PA Corporate Net Income Tax Report

### 4.3. REMINDER: SCHEDULE CHANGES AND ADDITIONS

- The Capital Stock/Foreign Franchise tax has been phased out for tax years beginning on or after Jan. 1, 2016.
- RCT-101, PA Corporate Net Income Tax Report for 2017 is a revised, year-specific, four page form. It includes a revised Page 1, eliminating CS-FF and LOANS from Step D. It also includes a revised Page 2, Bonus Depreciation, Corporate Net Income Tax and Sales Factor apportionment. This form **MUST** be used for filing all tax years beginning on or after Jan. 1, 2016.
- Taxpayers claiming Add-Back on RCT-101, PA Corporate Net Income Tax Report, must include schedules REV-802 and REV-803 when filing the report. Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain instances.
- Amended reports filed for tax years beginning on or after Jan. 1, 2016, **MUST** be filed on the **revised, year-specific**, four page RCT-101. You must check the amended report checkbox on Page 1, Step B.
- **IMPORTANT:** Amended reports filed for tax years beginning prior to Jan. 1, 2016, **MUST** be filed on the **non-year-specific**, six page RCT-101. You must check the amended report checkbox on Page 1, Step B. For details see Page 11 of REV-1200, CT-1 Instructions found on the department's website at [www.revenue.pa.gov](http://www.revenue.pa.gov).
- Taxpayers granted an extension to file the federal income tax return will automatically be granted an extension to file RCT-101, PA Corporate Net Income Tax Report. Corporate taxpayers granted a federal extension **must indicate this by checking the "Federal Extension Granted" box under Step B on Page 1 of RCT-101**, and include a copy of the federal extension request with the report.
- Corporations participating in a consolidated federal tax filing must provide consolidating income statements and balance sheets to the department, including separate company

schedules and all consolidations and eliminations.

- Business income will be apportioned to Pennsylvania by use of the sales factor only.
- The electronic funds transfer requirement was reduced from \$10,000 to \$1,000; all payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier.

#### 4.4. EXCLUSIONS TO ELECTRONIC FILING

The following Pennsylvania corporate forms cannot be filed electronically through Fed/StateCorporate e-File:

- **RCT-101D** Declaration of de minimis Pennsylvania Activity
- **RCT-128C**, Report of Change in Corporate Net Income Tax
- **Consolidated Tax Returns: PA statute does not allow for consolidated RCT-101s to be electronically filed.**

#### 4.5. SIGNATURE REQUIREMENTS

An electronic PA Corporate Net Income Tax Report, RCT-101, must be signed by an authorized corporate officer and in addition, by the paid preparer, if applicable. Two signature options for signing electronic reports are available.

- The federal self-select PIN option - This option consists of two PINs, one for the taxpayer and one for the practitioner. In order for the department to accept the federal self-select PIN as an acceptable signature, software developers must display a jurat/disclosure statement, similar to the language on the PA-8453-C. Taxpayers and EROs must complete PA-8879-C, PA e-File Signature Authorizations when using the federal self-select PIN method and consenting to electronic funds withdrawals.

The department requires EROs to retain completed PA-8879-C for three years after the due dates of the return/reports or the dates the return/reports were filed electronically, whichever dates are later. The ERO must retain PA-8879-C.

- If a taxpayer elects not to use the federal self-select PIN option or if the state submission is filed as a state stand-alone (no link to an original federal submission), the department requires the ERO to retain a completed PA-8453-C for three years after the due date of the return/reports or the date the return/reports were filed electronically, whichever is later. The ERO must retain PA-8453-C. PA-8453-C must be completed and signed by all appropriate parties before the return is transmitted electronically.

In the event the department selects an electronic return/report for examination, the ERO may be required to provide PA-8879-C and, if appropriate, PA-8453-C, within five business days from the date of the request. In addition, a percentage of these forms will be randomly requested yearly for monitoring compliance. Do not mail these forms to the department unless requested by the department.

#### 4.6. PAYMENT OPTIONS

Taxpayers may choose to pay tax due using one of the methods outlined below. Tax payments of \$1,000 or more are required by law to be remitted electronically. Failure to comply with this requirement will result in the assessment of a penalty equal to 3 percent of the total tax due, not to exceed \$500. For purposes of enforcement, "total tax due" is the payment/remittance amount. Electronic funds withdrawal, electronic funds transfer (EFT) and credit/debit cards qualify as acceptable electronic payment methods.

##### Electronic Funds Withdrawal

Payments made by this method are part of the state submission and are automatically and electronically transferred from taxpayers' bank accounts. The taxpayer must provide the ERO with appropriate bank account numbers, routing numbers, account types (checking or savings), payment amounts and dates they wish to have payments debited (normally the return/report due date). This allows the taxpayer to pay the tax due as soon as the returns/reports are processed or in the future, should taxpayers want to file early but pay closer to due dates. The ERO should caution taxpayers to ensure their



financial institutions allow electronic funds withdrawal from designated accounts before e-filing.

### Electronic Funds Transfer (EFT)

Payments made through EFT such as ACH debit, ACH credit/debit and certified cashier's check, are made outside the Fed/State e-File Program. Registration is required to make payments electronically through EFT. More information on making payments via EFT can be found on the department's website at: [www.revenue.pa.gov](http://www.revenue.pa.gov).

### Credit/Debit Card

Payments by credit/debit card are made outside the Fed/State Corporate e-File Program. You can pay your Pennsylvania taxes with a major credit or debit card. Credit card transactions are charged a 2.49 percent convenience fee (\$1 minimum charge), and debit card transaction fees start at \$3.95. You can use your American Express, Discover, MasterCard or Visa credit card to pay your taxes online or by phone. You may also use a MasterCard or Visa debit card to make payments online. Select one of these options to pay using your credit/debit card:

**Internet:** Go to Official Payments Corporation at [www.officialpayments.com](http://www.officialpayments.com)

**Telephone:** Call 1-800-2PAYTAX (1-800-272-9829)

### Check and CT-V, PA Corporation Taxes Fed/State Payment Voucher

Payments remitted by check must be accompanied by the CT-V, PA Corporation Taxes Fed/State Payment Voucher. Software vendors that will include the voucher in software must have the voucher approved by the department.

If a state submission containing an electronic funds withdrawal payment is rejected by the IRS or department, the taxpayer is still required to remit the balance due by the original due date of the return/report. In this situation, a payment can be remitted through EFT, by credit/debit card, or if the payment is less than \$1,000, by check and accompanying payment voucher. Any

balance due not paid by the original return due date will be subject to interest and penalty fees.

## 4.7. RE-TRANSMISSION OF REJECTED SUBMISSIONS

Taxpayers choosing to resubmit submissions rejected by the IRS or the department must correct and retransmit their electronic return/reports. Resubmissions will be considered timely filed if the electronic postmarks on the resubmissions are on or before the applicable Pennsylvania corporate tax due dates. If a rejected submission contains an electronic funds withdrawal payment, the taxpayer is required to remit the balance due by the original due date of the return/report. The department recommends using one of the payment options outlined in Section 4.6 Payment Options, to meet due date requirements. Linked Fed/State submissions that are rejected by the IRS may be submitted as an unlinked state stand-alone submission provided the requirements and specifications provided by the department are met.

### Corporate Error Rejection Codes

Rule Number	Rule Text
X0000-002	Incorrect Transmission data.
X0000-003	Submission Id in the submission file mismatches Submission Id in the manifest file.
X0000-004	No submission file found in state submission directory.
X0000-005	The XML data has failed schema validation.
X0000-006	MeF Gateway experiences system error.
X0000-007	Other State Submission.
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows: The default namespace shall be set.
PA20-S/PA-65-000	Software Developer Code (ID) contains an invalid Software Developer Code (not an approved developer) based on tax type and tax year.
PA20-S/PA-65-001	PA 20-S/PA-65 return was previously filed through MeF.
PA20-S/PA-65-002	Total Corporate Net Income tax Withholding is greater than zero and a payment is not present.

Rule Number	Rule Text
PA20-S/PA-65-003	Net Gain (Loss) from PA Schedule D, Line 5, Column A or B on the PA20S/65 are present and Schedules D-1 through IV are not included with the filing.
PA20-S/PA-65-004	Rent/Royalty Net Income (Loss) Line 6, Column A or B on the PA20S/65 are present and Schedule E is not included with the filing.
PA20-S/PA-65-006	Invalid Requested Payment Date. If a payment is present, the Requested Payment Date must be present. The Requested payment date must be a valid date and cannot be greater than 365 days after the IRS Time Stamp Date.
PA20-S/PA-65-007	Missing required forms for return type.
PA20-S/PA-65-008	Invalid State EIN. If State EIN is present, it must be 7 or 10 digits in length and only contain numeric characters.
PA20-S/PA-65-009	Business Name Line 1 must be present, left justified and must not contain any special characters other than a hyphen or more than one consecutive space.
PA20-S/PA-65-010	If Business Name Line 2 is present, it must be left justified and cannot contain any special characters other than a hyphen or more than one consecutive space.
PA20-S/PA-65-011	Payment Amount does not equal values entered in the sub amount type fields in addenda record.
PA20-S/PA-65-012	Only one sub amount type field equaling "C" is allowed.
PA20-S/PA-65-013	All Financial Transaction payments must include an Addenda Record with Sub AmountType.
PA20-S/PA-65-015	Invalid Payment Type. A sub amount type of "P" is not valid unless a PA-65 Corp is present.
PA20-S/PA-65-016	Invalid Payment Type. A sub amount type of "A" is not valid unless a PA20-S/PA-65 or a PA 65ESR or a REV-276 is present.
PA20-S/PA-65-017	Invalid Payment Type. A sub amount type of "C" is not valid unless a RCT-101, a RCT-101I or an REV-853R is present.
PA20-S/PA-65-018	State Schema Version must be present.
PA20-S/PA-65-019	Bank account Number and Routing Number cannot be the same.

Rule Number	Rule Text
PA20-S/PA-65-020	Tax year in the submission file does not match tax year in the manifest file.
PA20-S/PA-65-021	The submission exceeds file size limit.
PA65ESR-001	Invalid Payment Type. The submission cannot contain a State Payment.
PA65ESR-002	Missing Payment. The submission must contain at least one Estimated Payment.
PA65EXT-001	Invalid payment type. The submission cannot contain Estimated payments.
PA1120-021	Tax Year Begin Date cannot be greater than Tax Year End Date.
PA1120-022	Tax Year End Date cannot be greater than the Submission Date.
PA1120-023	Tax Year End Date cannot be greater than 371 days from Tax Year Begin Date.

#### 4.8. EXTENSION OF TIME TO FILE

Taxpayers granted an extension to file the federal income tax return will automatically be granted an extension to file RCT-101, PA Corporate Net Income Tax Report, Corporate taxpayers granted a federal extension must indicate this on Page 1 of the RCT-101 and include a copy of the federal extension request with the report.

## SECTION 5. INDIVIDUAL INCOME E-FILE

### 5.1. ACCEPTED PENNSYLVANIA INDIVIDUAL INCOME TAX FORMS AND SCHEDULES

The following Pennsylvania individual income tax forms and schedules may be transmitted electronically (refund, equal and balance due, with or without payment), and payment must be made by electronic funds withdrawal, check, money order or credit/debit card.

PA-40	Pennsylvania Individual Income Tax Return (includes nonresident and part-year resident returns)
PA-40 Schedule A	Interest (3 schedules or less)
PA-40 Schedule B	Dividends (3 schedules or less)
PA-40 Schedule C	Profit or Loss From Business or Profession (10 schedules or less)

PA-40 Schedule D	Sale, Exchange or Disposition of Property (3 schedules or less)
PA-40 Schedule D-1	Computation of Installment Sale Income (6 schedules or less)
PA-40 Schedule D-71	Sale or Exchange of Property Prior to June 1, 1971 (3 schedules or less)
PA-40 Schedule E	Rent, Royalty, Patent and Copyright Income or Loss (10 schedules or less)
PA-40 Schedule F	Farm Income and Expenses (2 schedules or less)
PA-40 Schedule G-L	Out-of-State Credit, Long Form (43 schedules or less)
PA-40 Schedule J	Estate & Trust Income
PA-40 Schedule W-2S	Wage Statement Summary (5 schedules or less)
PA-40 Schedule SP	Tax Forgiveness Credit (1 schedule)
PA Schedule RK-1	Resident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits (100 schedules or less)
PA Schedule NRK-1	Nonresident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits (100 schedules or less)
PA-40 Schedule UE	Allowable Employee Business Expenses (10 schedules or less)
PA-40 Schedule OC	Other Credits (3 schedule)
PA-40 Schedule O	Other Deductions (1 schedule)
PA-40 Schedule P	529 College Savings Program Donations
PA-40 Schedule T	Gambling and Lottery Winnings (1 schedule)
REV-1630	Underpayment of Estimated Tax by Individuals (1 schedule)
REV-1630A	Underpayment of Estimated Tax by Farmers (1 schedule)
PA-40 Schedule 19	Sale of a Principal Residence (1 schedule)
PA-40 Schedule NRH	Apportioning Income by Nonresident Individuals (10 schedules or less)
Schedule PA-40X	Amended Schedule (1 schedule)
REV-276	Extension of Time to File
REV-459B	Consent to Transfer, Adjust or Correct PA Estimated Personal Income Tax Account
W-2 RW	PA W-2 Reconciliation Worksheet

## 5.2. SCHEDULE CHANGES AND ADDITIONS

**PA-40 Schedule C:** Lines 40 and 41 have been removed. Line 39 is now the Net Profit or Loss line. Two new additional lines were added for line 37, Other Expenses.

**PA-40 Schedule OC:** Line 12 was Community-Based Service Tax Credit, it is now PA Organ and Bone Marrow Donor Tax Credit. Line 13 was PA Organ and Bone Marrow Donor Tax Credit, it is now PA Coal Refuse Energy and Reclamation Tax Credit. Line 14 was PA Coal Refuse Energy and Reclamation Tax Credit, it is now Mixed-Use Development Tax Credit.

### Employee Business Expenses

PA law does not follow federal law for allowable employee business expenses. **EXAMPLE:** Taxpayers may deduct 100 percent of their PA-allowable expenses on the PA Schedule UE. If claiming expenses on PA Schedule UE, briefly describe the occupation or job in the space provided. If a spouse also has expenses, describe his or her occupation or job on a separate PA Schedule UE.

Allowable employee business expenses for PA purposes are similar to, but not the same as, expenses for federal purposes. PA law only permits expenses required to perform the duties of a job or profession.

### Allowable Pennsylvania Employee Business Expenses Must Be:

1. Ordinary, customary, and accepted in the industry or occupation in which you work;
2. Actually paid while performing the duties of your employment;
3. Reasonable in amount and not excessive;
4. Necessary to enable you to properly perform the duties of your employment; and
5. Directly related to performing the duties of your occupation or employment.

Taxpayers may not deduct expenses based upon federal per-diem allowances. You may only deduct those expenses actually paid while performing the duties of your employment.

### **Pennsylvania Does Not Allow The Following Business Expenses, Even If Allowed for Federal Purposes:**

- Personal, living, or family expenses
- Dues to fraternal organizations, professional societies, Chambers of Commerce, or recreational club memberships
- Dues and subscriptions to publications, including trade and professional publications
- Political candidate or campaign contributions
- Charitable contributions
- Commuting expenses – driving to and from work
- Cost of meals while working late, unless while traveling away from home overnight on business
- Childcare or elderly care expenses
- Life, disability income and health insurance premiums
- Contributions to deferred compensation plans or other pension plans
- Legal fees (except to recover back wages), fines, penalties and bad debts
- Bribes, kickbacks, or other illegal payments
- Job hunting or other pursuit of employment expenses
- Malpractice insurance premiums, except when allowed in Part A
- Moving expenses, except when allowed in Part E
- Educational expenses, except as allowed in Part F
- Capital expenditures
- Expenses calculated at federal per-diem rates.

**FILING TIP:** Taxpayers must file a separate PA Schedule UE for each employer. Spouses may not report joint expenses on a PA Schedule UE, even if filing jointly. An incomplete schedule may result in delays in the processing of a return and/or denial of the expenses.

**IMPORTANT:** Meals and entertainment expenses are 100 percent allowable. However, meals while not in overnight traveling status (e.g. meals while

working late) and federal per-diem rates for meals and incidental expenses are not allowable.

**CAUTION:** A taxpayer may be a statutory employee for federal purposes. However, PA law does not have a similar provision. As a statutory employee, a taxpayer may have to claim their income as compensation and your expenses on PA Schedule UE. For more information on statutory employees see Chapter 7 of the PA PIT Guide found on the department’s website. As an employee, they must claim your expenses on PA Schedule UE. If a taxpayer is self-employed, you must report their business activity on Line 4 of your PA-40 and enclose the necessary PA Schedule C.

**CAUTION:** If a taxpayer is a nonresident or part-year resident who earned income and incurred expenses within and outside Pennsylvania, they must complete PA Schedule NRH.

**CAUTION:** The department does not permit the use of the federal safe harbor deduction for a home office or work area. Actual expenses must be used to determine the amount of the deduction.

**IMPORTANT:** The department has the legal authority to request evidence that your expenses are allowable for PA purposes.

### **5.3. EXCLUSIONS TO ELECTRONIC FILING**

The following Pennsylvania forms/schedules cannot be filed electronically through Fed/State e-File:

- Non-calendar, fiscal-year returns;
- Amended individual income tax returns for years prior to 2014;
- Form PA-40NRC - Nonresident Consolidated Income Tax Returns;
- Form PA-40 KOZ - Pennsylvania Income Tax Keystone Opportunity Zone Return;
- Returns containing more than the allowable amounts of Federal forms; and
- Returns containing forms/schedules not listed under “Accepted Pennsylvania Forms/Schedules.”

### **5.4. SIGNATURE REQUIREMENTS**

The department accepts the federal self-select PIN and the federal practitioner PIN as valid signatures on Pennsylvania returns filed through the Fed/State



e-File Program. In order for the department to accept the federal self-select PIN, it requires software developers to display a jurat/disclosure statement, similar to the language on PA-8453, Pennsylvania Individual Income Tax Declaration for Electronic Filing, in the software program when taxpayers elect the federal PIN option for signatures.

When a valid PIN is entered as the signature, the department does not require taxpayers to complete PA-8453 form. If the IRS does not accept the PIN, PA-8453 form must be completed and signed. If a taxpayer is not present to enter his/her PIN or if the practitioner PIN is used to sign the return, a PA-8879 form must be completed and signed by the taxpayer. The completed and signed PA-8879 form must be retained in the practitioner's file for three years from the return due date.

**Note:** Federal self-select PINS may not be used as valid signatures on amended returns.

## 5.5. REFUND OPTIONS AND DIRECT DEPOSIT

Taxpayers may elect to have 2017 refunds paid in one of the following ways:

- Remitted as a paper check; and
- Deposited into a financial institution account.

Taxpayers also have the option of distributing overpayments as follows:

- Credit to the 2018 estimated tax account;
- Donation to the PA Breast Cancer Coalition's Breast and Cervical Cancer Research Fund;
- Donation to the Wild Resource Conservation Fund;
- Donation to the Military Family Relief Assistance Program;
- Donation to the Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund;
- Donation to the Juvenile (Type 1) Diabetes Cure Research Fund;
- Donation to PA Children's Trust Fund;
- Donation to American Red Cross.
- PA 529 College Savings Program Account.

### Direct Deposit

The direct deposit option is available only for electronically filed refund returns for tax year 2017.

Refunds by direct deposit are electronically transferred to the financial institution account indicated in the Pennsylvania return record.

The federal Office of Foreign Assets Control has imposed additional reporting requirements on all electronic banking transactions that directly involve a financial institution outside of the territorial jurisdiction of the U.S. These transactions are called international ACH transactions (IAT) and include credit (direct deposit of refunds) transactions. Presently, the Pennsylvania Department of Revenue does not support IAT. Taxpayers who instruct the department to process electronic banking transactions on their behalf are certifying that the transactions do not directly involve a financial institution outside of the territorial jurisdiction of the U.S. at any point in the process.

**Note:** The financial institution accounts into which the Pennsylvania refund and the IRS refund are deposited may be different. Therefore, the state and federal routing transit numbers (RTN) and deposit account numbers (DAN) may differ.

### Requirements for Direct Deposit

The department will refund an overpayment by direct deposit to a taxpayer's financial institution if the following requirements have been met:

- Taxpayer electronically filed returns; and
- Taxpayer provided acceptable proof of an established or existing account.

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.

Before authorizing a direct deposit, taxpayers should confirm with their financial institutions that the institutions can accept direct deposit transactions.

Preparers and EROs must stress to taxpayers the importance of supplying correct information, because the direct deposit election, RTN and DAN may not be changed once a return has been acknowledged by the department.

Taxpayers usually receive refunds by direct deposit within four to five weeks of filing their returns.

If any of the following conditions exist, a paper check will be issued:

- Invalid RTN or DAN; and/or
- Rejection by the receiving depository financial institution. Some financial institutions do not permit deposit of a joint refund into an individual account. The department is not responsible when a financial institution refuses a direct deposit.

The Pennsylvania acknowledgment only indicates the acceptance of the return at the department. It does not indicate proof that a refund check will be issued or that a direct deposit will be honored.

## 5.6. PAYMENT OPTIONS

The taxpayer is responsible for submitting payment due to the department by April 17, 2018. Following are three types of payment options the taxpayer may elect to use:

### Electronic Funds Withdrawal

Electronic funds withdrawal is available for balance-due returns for tax year 2017. Payments by electronic funds withdrawal are automatically and electronically transferred from the financial institution account indicated in the Pennsylvania return record.

The federal Office of Foreign Assets Control has imposed additional reporting requirements on all electronic banking transactions that directly involve a financial institution outside of the territorial jurisdiction of the U.S. These transactions are called international ACH transactions (IAT) and include electronic debit (tax payments) transactions. Presently, the department does not support IAT. Taxpayers who instruct the department to process electronic banking transactions on their behalf are certifying that the transactions do not directly involve a financial institution outside of the territorial jurisdiction of the U.S. at any point in the process.

The financial institution accounts from which the Pennsylvania payment and the IRS payment are withdrawn may be different. Therefore, the state and federal RTN and DAN may differ.

Taxpayers who choose this option must provide the ERO with account numbers and routing numbers for the qualified savings, checking or share draft accounts. This information is best obtained from

official financial records, account cards, checks or shared drafts that contain the taxpayer's name and address. The ERO should caution taxpayers to determine, before they file, that their financial institutions support electronic funds withdrawal requests.

Taxpayers must specify the bank accounts from which they wish to have the balances paid and the dates on which the debits will be made. This allows taxpayers to pay the balances as soon as the returns are processed or delay it to future dates, not later than the return due dates. For example, the ERO may transmit the return in March, and the taxpayer can specify that the debit be made on any specific day on or before April 17, 2018. The taxpayer does not have to do anything at a later date. For returns transmitted after April 17, 2018 the debit will be processed on the day the electronic return is processed.

The ERO that collects already completed returns, including returns from drop-off collection points and from taxpayers who elect to pay balances due by electronic funds withdrawals, should be careful to ensure that all the information needed for electronic funds withdrawal requests is included in the returns. Taxpayers must provide all of the following: routing number; account number; type of account (checking or savings); date of withdrawal; and amount to be withdrawn. In addition, the ERO must provide those taxpayers with printouts of the electronic return data.

If the taxpayer does not provide all of the needed information, the ERO must contact the taxpayer. If the ERO is unsuccessful in obtaining the electronic funds withdrawal information, but the returns are otherwise complete, the ERO should proceed with the transmission of the electronic return data to the IRS. The ERO must notify the taxpayer(s), in writing, that other arrangements must be made to pay the balance due.

### Revoking an Electronic Funds Withdrawal Authorization

A taxpayer can revoke an electronic funds withdrawal authorization by notifying the PA Department of Revenue in writing no later than two business days prior to the debit date. Written requests to revoke the electronic funds withdrawal must include the taxpayer's name, address, SSN,

RTN, DAN and payment amount. Written requests can be faxed to 717-772-9310 or emailed to ra-achrevok@pa.gov.

### **Requirement for Electronic Funds Withdrawal**

The department will allow payment of Pennsylvania tax due from a taxpayer's financial institution if the taxpayer provides acceptable proof of an established or existing account. IRS Publication 1345 sets forth detailed eligibility requirements, responsibilities and instructions governing tax preparers, transmitters and EROs that offer taxpayers the option of electronic funds withdrawal. Those same rules, policies, and procedures apply when offering an electronic payment on the state return.

### **Preparing Taxpayers for Pennsylvania Electronic Funds Withdrawal**

Before authorizing an electronic funds withdrawal, taxpayers should confirm with their financial institutions that the institutions can accept electronic funds withdrawals. The preparer and ERO must stress to taxpayers the importance of supplying correct information, because the electronic payment election, RTN and DAN may not be changed once a return has been acknowledged by the department. If any of the following conditions exist, a paper check or money order will need to be issued by the taxpayer for payment of Pennsylvania taxes:

- Invalid RTN or DAN;
- Invalid payment date selected; and/or
- Rejection by the taxpayer's financial institution.

The Pennsylvania acknowledgment indicates the acceptance of the return at the department. It does not indicate proof that an electronic payment will be honored by the taxpayer's bank.

### **Checks or Money Order**

A Pennsylvania payment voucher, PA-V, is included in the taxpayer's 2017 Pennsylvania personal income tax booklet or the taxpayer's payment voucher letter. The payment voucher must be mailed with the taxpayer's check made payable to the PA Department of Revenue to:

PA DEPARTMENT OF REVENUE  
PAYMENT ENCLOSED  
1 REVENUE PLACE  
HARRISBURG PA 17129-0001

If your tax preparation software prints a PA-V facsimile approved by the department, that PA-V may be used when no preprinted PA-V is available. Mail the PA-V and check to the above address.

In the event the taxpayer does not have a preprinted voucher and your software is unable to produce a department-approved facsimile, make the check or money order payable to department. Write the last four digits of the taxpayer's SSN, "2017 PA-V" and the taxpayer's daytime telephone number on the check or money order. If filing a joint return, enter the last four digits of the SSN shown first on the return. The department will need the last four digits of the SSN to accurately apply the payment.

### **Credit/Debit Payments**

You can pay your Pennsylvania taxes with a major credit or debit card. Credit card transactions are charged a 2.49 percent convenience fee (\$1 minimum charge), and debit card transaction fees start at \$3.95. You can use your American Express, Discover, MasterCard or Visa credit card to pay your taxes online or by phone. You may also use a MasterCard or Visa debit card to make payments online. Select one of these options to pay using your credit/debit card:

**Internet:** Go to Official Payments Corporation at [www.officialpayments.com](http://www.officialpayments.com)

**Telephone:** Call 1-800-2PAYTAX  
(1-800-272-9829)

**Note:** In addition to charging the balance due on a credit or debit card, taxpayers can charge estimated tax payments, extension payments and delinquent tax payments.

The ERO must inform taxpayers that payment of taxes due must be made no later than April 17, 2018. If the taxpayer does not make full payment of income taxes due on or before April 20, 2018 an assessment will be sent requesting payment. The assessment will indicate the tax due and interest and penalty for late payment.

## **5.7. RE-TRANSMISSION OF REJECTED SUBMISSIONS**

When an electronically transmitted PA-40 Individual Income Tax Return or REV-276 Application for Extension of Time to File, is rejected, there is a



five-day transmission period to correct the return for electronic re-transmission. Correcting a return for electronic re-transmission is generally required when the originally signed return had errors in the XML format or errors that caused the return to fail department schema validation or business rules.

Re-transmissions will be considered timely filed if the electronic postmarks on the re-transmissions are on or before the PA-40 Individual Income tax Return due dates. It is important to note the five-day re-transmission period does not apply to payments. If a rejected submission contains an electronic funds withdrawal payment, the taxpayer is still required to remit the balance due by the original due date of the return. The department recommends using one of the payment options outlined in Section 5.6 Payment Options, to meet due date requirements. Linked Fed/State submissions rejected by the IRS may be submitted as unlinked state stand-alone submissions provided they meet the department's XML format, schema validations and business rules.

The PA Department of Revenue follows the same guidelines as the IRS for a rejected submission. If a submission was rejected, a return can be corrected within five days and the received date of the original rejected return will be honored.

**Important:** The five-day re-transmission period is not an extension of time to file. It is a period of time to correct errors in the electronic file. The five-day re-transmission period applies to business returns filed on MeF, regardless of the date filed, due date or extended due date.

**Error Rejection Codes**

Rule Number	Rule Text
X0000-002	Incorrect Transmission data.
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.
X0000-004	No submission file found in state submission directory.
X0000-005	The XML data has failed schema validation.
X0000-006	MeF Gateway experiences system error.
X0000-007	Other State Submission.
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows: The default namespace shall be set.

Rule Number	Rule Text
PA0000-002	Duplicate Filing.
PA40-001	Incomplete Direct Deposit/Debit Payment Data. If a Direct Deposit or Debit Payment is present, then the Direct Debit Amount, State Routing Transit, State Deposit Account Number and State Checking Account or State Savings Account must be present as well.
PA40-002	Invalid Debit Payment Date. If a Debit Payment is present, the Direct Debit Date must be present and must be greater than or equal to the IRS Time Stamp Date minus 3 and it must be a valid date for the calendar year.
PA40-003	Invalid Primary Filer Last Name. Primary Last Name must be present, left justified and must not contain any special characters other than a hyphen or more than one consecutive space.
PA40-005	Invalid Primary Filer First Name. Primary First Name must be present and left justified and must not contain any special characters other than a hyphen or more than one consecutive space.
PA40-007	Invalid Filer's Address Line. Either PA Address Line 1 or Foreign Street Address must be present and PA Address Line 1 must not contain two or more consecutive spaces, a period, or a comma.
PA40-008	Invalid Filer's Address City. Either the PA City or PA Foreign City or Province must be present and the PA city must not contain a character other than a hyphen, alpha, or an ampersand and it must be left justified.
PA40-000	Software Developer Code (ID) contains an invalid Software Developer Code (not an approved developer) based on tax type and tax year.
PA40-010	Invalid School District Code.
PA40-011	Invalid Unreimbursed Employee Business Expenses. If Unreimbursed Employee Business Expenses are present then Gross Compensation must be present or if Unreimbursed Employee Business Expenses are present then the PA Schedule UE must be present.
PA40-012	Invalid Net Compensation. If Net Compensation is present and Unreimbursed Employee Business Expenses is less than or equal to Gross Compensation then the Net Compensation must be equal to the Gross Compensation minus Unreimbursed Employee Business Expenses or if Net Compensation is present and Unreimbursed Employee

Rule Number	Rule Text
PA40-012 continued	Business Expenses is greater than Gross Compensation then the Net Compensation must be equal to '0'.
PA40-013	Invalid Total PA Taxable Income. Total PA Taxable Income must be equal to the sum of Net Compensation; Interest Income; Dividend and Capital Gains Distribution Income; Net Income or (loss) From the Operation of a Business, Profession or Farm; Net Gain or (loss) From the Sale, Exchange, or Disposition of Property; Net Income or (loss) From Rents, Royalties, Patents, and Copyrights; Estate and Trust Income; and Gambling and Lottery Winnings.
PA40-014	Invalid Total Estimated Payments and Credits. If Credit From 2016 PA Tax Return plus 2017 Estimated Payments plus 2017 Extension Payment plus Nonresident Tax Withheld equals '0' then Total Estimated Payments and Credits must be equal to '0' or if Credit From 2016 PA Tax Return plus 2017 Estimated Payments plus 2017 Extension Payment plus Nonresident Tax Withheld is greater than '0' then Total Estimated Payments and Credits must be equal to Credit From 2016 PA Tax Return plus 2017 Extension Payment plus Nonresident Tax Withheld.
PA40-015	Invalid Eligibility Income or Tax Forgiveness Credit. If Eligibility Income from PA Schedule SP or Tax Forgiveness Credit from PA Schedule SP are present then the PA Schedule SP must be present and if Eligibility Income from PA Schedule SP is present then the Eligibility Income from PA Schedule SP must be greater than or equal to the Total PA Taxable Income.
PA40-016	Invalid Resident Credit. If Resident Credit is present then Resident Credit must be less than or equal to PA Tax Liability.
PA40-017	Invalid Total Payments and Credits. If Total Payments and Credits are present then Total Payments and Credits must be equal to Total PA Tax Withheld plus Total Estimated Payments and Credits plus Tax Forgiveness Credit from PA Schedule SP plus Resident Credit plus Total Other Credits.
PA40-018	If Total Payments and Credits equal the Total of PA Tax Liability plus the Use Tax and Penalties and Interest, the following lines cannot be greater than zero: PA Tax Due, Overpayment, Refund Check and Credit to your Estimated Account.

Rule Number	Rule Text
PA40-019	If the PA Total Payment Due is greater than zero, then the PA Total Payment Due must equal the total of PA Tax Liability plus the Use Tax and Penalties and Interest, minus the Total Payments and Credits. If the Total PA Tax Liability plus the Use Tax and Penalties and Interest is greater than the Total Payments and Credits, then the PA Total Payment Due must be greater than zero.
PA40-020	Invalid Pa Tax Due. If Pa Tax Due is present then Total Payment must be present.
PA40-021	Invalid Overpayment. Overpayment must be equal to the sum of Amount of Line 29 You Want As a Refund, Amount of Line 29 You Want Credited to Your 2018 Estimated Account, Amount of Line 29 You Want to Donate on Refund Donation Line 32, Amount of Line 29 You Want to Donate on Refund Donation Line 33, Amount of Line 29 You Want to Donate on Refund Donation Line 34, Amount of Line 29 You Want to Donate on Refund Donation Line 35, and the Amount of Line 29 You Want to Donate to Donate on Refund Donation Line 36.
PA40-022	Invalid Filer's Address State. If PA Foreign Street Address and PA Foreign City or Province are not present then State Abbreviation must be present.
PA40-023	Invalid Filer's Address Zip Code. If State Abbreviation is present then Zip Code must be present.
PA40-024	Invalid Debit Payment. If a Debit Payment is present, then Total Payment must be present and must be greater than '0'.
PA40-025	Invalid Debit Payment. If a Debit Payment is present, then Amount of Line 29 You Want As a Refund Check must be equal to or less than '0'.
PA40-026	Invalid Adjusted PA Taxable Income. Adjusted PA Taxable Income must be equal to Total PA Taxable Income minus Other Deductions.
PA40-027	The Primary SSN has been filed through MeF in a previous return and neither is an amended return.
PA40-028	The Secondary SSN has been filed through MeF in a previous return and neither is an amended return.
PASP-029	Error if PA Schedule SP Relationship equals 'Niece', 'Nephew', 'Husband', 'Wife', 'Aunt', 'Uncle', 'Spouse', 'Mother', 'Father', or 'Parent'.
PA40-030	If filing status = J, then the Spouse's SSN must be present.

Rule Number	Rule Text
PA40-031	If filing status = J, then the Spouse's First Name must be present.
PA40-032	The PA Tax Liability minus Rate (3.07 for 2015) * Taxable Income must be between -1.00 and 1.00).
PA40-033	If PA Overpayment is present then the PA Overpayment must be equal to Total Payments and Credits minus PA Tax Liability, Penalties and Interest and Use Tax.
PA40-034	State Schema Version must be present.

## 5.8. EXTENSION OF TIME TO FILE

The department will grant up to a six-month extension of time to file the PA-40 Individual Income Tax Return. Unless the taxpayer is outside the U.S., the department will not grant an extension for more than six months. An extension of time to file does not extend the payment deadline.

Follow these procedures when applying for an extension of time to file:

### If the taxpayer owes income tax, he or she must:

- File a timely REV-276, Application for Extension of Time to File, electronically and pay by direct debit to a bank account or mail in a paper check; or
- File a timely REV-276, Application for Extension of Time to File, by mail and submit a paper check with the application; or
- Pay by electronic funds withdrawal on the department's website and have the payment deducted from the taxpayer's bank account. Taxpayers do not need to mail in REV-276. To arrange electronic funds withdrawal, taxpayers may visit the Revenue e-Services Center at [www.revenue.pa.gov](http://www.revenue.pa.gov); or
- Pay by credit/debit card. Taxpayers do not need to mail in REV-276. Pay by credit/debit card at [www.officialpayments.com](http://www.officialpayments.com). You may also pay with a credit card by telephone by calling 1-800-2PAYTAX (1-800-272-9829). You do not need to mail REV-276. This option is not available if you never filed a Pennsylvania personal income tax return or

made an estimated payment prior to making the request for the extension and payment via this method.

If the taxpayer has an approved extension to file federal Form 1040 and does not owe Pennsylvania income tax on the 2017 tax return, the department will grant the same extension to file the PA-40 Individual Income Tax Return. The taxpayer does not have to submit REV-276 or federal Form 4868 before the return due date.

If the taxpayer does not have an extension to file federal Form 1040 the taxpayer should file for an extension using REV-276, either electronically or by paper.

Mail REV-276, with or without a payment to:

PA DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
PO BOX 280504  
HARRISBURG PA 17128-0504

When filing the Pennsylvania tax return:

- Fill in the extension request oval at the top of the PA-40 Individual Income Tax Return; and
- If the taxpayer has not filed REV-276, submit a copy of federal Form 4868 with the PA-40 Individual Income Tax Return.

## SECTION 6. FIDUCIARY INCOME E-FILE

### 6.1. ACCEPTED PENNSYLVANIA FIDUCIARY INCOME TAX FORMS AND SCHEDULES

The following Pennsylvania fiduciary income tax forms and schedules may be transmitted electronically (refund, equal and balance due, with or without payment), and payment must be made by electronic funds withdrawal, check, or money order.

PA-41	Pennsylvania Fiduciary Income Tax Return (includes nonresident)
PA-41 Schedule A	Interest (1 schedule or less)
PA-41 Schedule B	Dividends (1 schedule or less)
PA-40 Schedule C	Profit or Loss From Business or Profession (10 schedules or less)
PA-41 Schedule D	Sale, Exchange or Disposition of Property (1 schedule or less)

PA-40 Schedule D-1	Computation of Installment Sale Income (6 schedules or less)
PA-40 Schedule D-71	Sale or Exchange of Property Prior to June 1, 1971 (3 schedules or less)
PA-40 Schedule E	Rent, Royalty, Patent and Copyright Income or Loss (1 schedule or less)
PA-40 Schedule F	Farm Income and Expenses (4 schedules or less)
PA-40 Schedule G-L	Out-of-State Credit, Long Form (43 schedules or less)
PA-41 Schedule J	Estate & Trust Income (1 schedule or less)
PA-41 Schedule DD	Distribution Deductions (1 schedule or less)
PA Schedule RK-1	Resident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits (100 schedules or less)
PA Schedule NRK-1	Nonresident Schedule of Shareholder/Partner/Beneficiary Pass Through Income, Loss and Credits (100 schedules or less)
PA-40 Schedule N	PA Source Income and Nonresident Tax Withheld (1 schedule)
PA-40 Schedule O	Other Deductions (1 schedule)
PA 41 Schedule OI	Other Information (1 schedule)
REV-1630F	Underpayment of Estimated Tax by Fiduciary (1 schedule)
Schedule PA-41X	Amended Schedule (1 schedule)
REV-276	Extension of Time to File

## 6.2 SCHEDULE CHANGES AND ADDITIONS

**NONE FOR 2016.**

## 6.3 EXCLUSIONS TO ELECTRONIC FILING

The following Pennsylvania forms/schedules cannot be filed electronically through Fed/State e-File:

- Fiduciary Returns for tax years before 2015
- Amended fiduciary income tax returns for years prior to 2014;

- Schedule OC – Other Credits;
- Returns containing more than the allowable amounts of Federal forms; and
- Returns containing forms/schedules not listed under “Accepted Pennsylvania Forms/Schedules.”

## 6.4. SIGNATURE REQUIREMENTS

The department accepts the federal self-select PIN and the federal practitioner PIN as valid signatures on Pennsylvania returns filed through the Fed/State e-File Program. In order for the department to accept the federal self-select PIN, it requires software developers to display a jurat/disclosure statement, similar to the language on PA-8453F, Pennsylvania Fiduciary Income Tax Declaration for Electronic Filing, in the software program when representative elect the federal PIN option for signatures.

When a valid PIN is entered as the signature, the department does not require an officer to complete PA-8453F form. If the IRS does not accept the PIN, PA-8453F form must be completed and signed. If a representative is not present to enter his/her PIN or if the practitioner PIN is used to sign the return, a PA-8879F form must be completed and signed by the representative. The completed and signed PA-8879F form must be retained in the practitioner’s file for three years from the return due date.

**Note:** Federal self-select PINS may not be used as signatures on amended returns.

## 6.5. REFUND OPTIONS AND DIRECT DEPOSIT

Fiduciaries may elect to have 2017 refunds paid in one of the following ways:

- Remitted as a paper check; or
- Deposited into a financial institution account.

Fiduciaries also have the option of distributing overpayments as follows:

- Refund; or
- Credit to the 2018 estimated tax account

### Direct Deposit

The direct deposit option is available only for electronically filed refund returns for tax year 2016.



Refunds by direct deposit are electronically transferred to the financial institution account indicated in the Pennsylvania return record.

The federal Office of Foreign Assets Control has imposed additional reporting requirements on all electronic banking transactions that directly involve a financial institution outside of the territorial jurisdiction of the U.S. These transactions are called international ACH transactions (IAT) and include credit (direct deposit of refunds) transactions. Presently, the Pennsylvania Department of Revenue does not support IAT. Representatives who instruct the department to process electronic banking transactions on their behalfs are certifying that the transactions do not directly involve a financial institution outside of the territorial jurisdiction of the U.S. at any point in the process.

**Note:** The financial institution accounts into which the Pennsylvania refund and the IRS refund are deposited may be different. Therefore, the state and federal routing transit numbers (RTN) and deposit account numbers (DAN) may differ.

### Requirements for Direct Deposit

The department will refund an overpayment by direct deposit to a fiduciary's financial institution if the following requirements have been met:

- Fiduciary electronically filed returns; and
- Fiduciary provided acceptable proof of an established or existing account.

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

Before authorizing a direct deposit, representatives should confirm with their financial institutions that the institutions can accept direct deposit transactions.

Preparers and EROs must stress to the representative the importance of supplying correct information, because the direct deposit election, RTN and DAN may not be changed once a return has been acknowledged by the department.

Fiduciaries usually receive refunds by direct deposit within four to five weeks of filing their returns.

If any of the following conditions exist, a paper check will be issued:

- Invalid RTN or DAN; and/or
- Rejection by the receiving depository financial institution. The department is not responsible when a financial institution refuses a direct deposit.

The Pennsylvania acknowledgment only indicates the acceptance of the return at the department. It does not indicate proof that a refund check will be issued or that a direct deposit will be honored.

### 6.6. PAYMENT OPTIONS

The representative of the fiduciary is responsible for submitting payment due to the department by April 17, 2018. Following are the payment options the taxpayer may elect to use:

- **Electronic Funds Withdrawal**
- **Checks or Money Order**

#### Electronic Funds Withdrawal

Payments by electronic funds withdrawal are automatically and electronically transferred from the financial institution account indicated in the Pennsylvania return record.

The federal Office of Foreign Assets Control has imposed additional reporting requirements on all electronic banking transactions that directly involve a financial institution outside of the territorial jurisdiction of the U.S. These transactions are called international ACH transactions (IAT) and include electronic debit (tax payments) transactions. Presently, the department does not support IAT. Representatives who instruct the department to process electronic banking transactions on their behalfs are certifying that the transactions do not directly involve a financial institution outside of the territorial jurisdiction of the U.S. at any point in the process.

The financial institution accounts from which the Pennsylvania payment and the IRS payment are withdrawn may be different. Therefore, the state and federal RTN and DAN may differ.

Representatives that choose this option must provide the ERO with account numbers and routing numbers for the qualified savings, checking or share draft accounts. This information is best obtained from official financial records, account

cards, checks or shared drafts that contain the fiduciary's name and address. The ERO should caution representatives to determine, before they file, that their financial institutions support electronic funds withdrawal requests.

The fiduciary must specify the bank accounts from which they wish to have the balances paid and the dates on which the debits will be made. This allows the representative of the fiduciary to pay the balances as soon as the returns are processed or delay it to future dates, not later than the return due dates. For example, the ERO may transmit the return in March, and the fiduciary can specify that the debit be made on any specific day on or before April 17, 2018. The representative does not have to do anything at a later date. For returns transmitted after April 18, 2018 the debit will be processed on the day the electronic return is processed.

### **Revoking an Electronic Funds Withdrawal Authorization**

A representative can revoke an electronic funds withdrawal authorization by notifying the PA Department of Revenue in writing no later than two business days prior to the debit date. Written requests to revoke the electronic funds withdrawal must include the fiduciary's name, address, EIN, representative's name, RTN, DAN and payment amount. Written requests can be faxed to 717-772-9310 or emailed to ra-achrevok@pa.gov.

### **Requirement for Electronic Funds Withdrawal**

The department will allow payment of Pennsylvania tax due from a fiduciary's financial institution if the fiduciary provides acceptable proof of an established or existing account. IRS Publication 1345 sets forth detailed eligibility requirements, responsibilities and instructions governing tax preparers, transmitters and EROs that offer fiduciaries the option of electronic funds withdrawal. Those same rules, policies, and procedures apply when offering an electronic payment on the state return.

### **Preparing Fiduciaries for Pennsylvania Electronic Funds Withdrawal**

Before authorizing an electronic funds withdrawal, the representatives should confirm with their financial institutions that the institutions can accept

electronic funds withdrawals. The preparer and ERO must stress to officers the importance of supplying correct information, because the electronic payment election, RTN and DAN may not be changed once a return has been acknowledged by the department. If any of the following conditions exist, a paper check or money order will need to be issued by the fiduciary for payment of Pennsylvania taxes:

- Invalid RTN or DAN;
- Invalid payment date selected; and/or
- Rejection by the taxpayer's financial institution.

The Pennsylvania acknowledgment indicates the acceptance of the return at the department. It does not indicate proof that an electronic payment will be honored by the taxpayer's bank.

### **Checks or Money Order**

A Pennsylvania payment voucher, PA-V, should be mailed with the fiduciary's check made payable to the PA Department of Revenue to:

PA DEPARTMENT OF REVENUE  
PAYMENT ENCLOSED  
1 REVENUE PLACE  
HARRISBURG PA 17129-0001

If your tax preparation software prints a PA-V facsimile approved by the department, that PA-V may be used. Mail the PA-V and check to the above address.

In the event the fiduciary does not have a voucher and your software is unable to produce a department-approved facsimile, make the check or money order payable to department. Write the fiduciary's EIN and "2017 PA-41" and the representative's daytime telephone number on the check or money order.

The ERO must inform fiduciaries that payment of taxes due must be made no later than April 17, 2018. If the fiduciary does not make full payment of income taxes due on or before April 17, an assessment will be sent requesting payment. The assessment will indicate the tax due and interest and penalty for late payment.

## **6.7 RE-TRANSMISSION OF REJECTED SUBMISSIONS**

When an electronically transmitted PA-41 Fiduciary Income Tax Return is rejected, there is a five-day

transmission period to correct that return for electronic re-transmission. Correcting a return for electronic re-transmission is generally required when the originally signed return had errors in the XML format or errors that caused the return to fail department schema validation or business rules.

It is important to note the five-day re-transmission period does not apply to payments. If a rejected submission contains an electronic funds withdrawal payment, the taxpayer is still required to remit the balance due by the original due date of the return. The department recommends using one of the payment options outlined in Section 6.6 Payment Options, to meet due date requirements. Linked Fed/State submissions rejected by the IRS may be submitted as unlinked state stand-alone submissions provided they meet the department's XML format, schema validations and business rules.

The PA Department of Revenue follows the same guidelines as the IRS for a rejected submission. If a submission was rejected, a return can be corrected within five days and the electronic postmark date of the original rejected return will be honored.

**Important:** The five-day re-transmission period is not an extension of time to file. It is a period of time to correct errors in the electronic file. The five-day re-transmission period applies to business returns filed on MeF, regardless of the date filed, due date or extended due date.

### Error Rejection Codes

X0000-002	Incorrect Transmission data.
X0000-003	SubmissionId in the submission file mismatches SubmissionId in the manifest file.
X0000-004	No submission file found in state submission directory.
X0000-005	The XML data has failed schema validation.
X0000-006	MeF Gateway experiences system error.
X0000-007	Other State Submission.
X0000-008	The namespace declarations in the root element of the return ('Return' element) must be as follows: The default namespace shall be set.

PA41-000	Software Developer Code (ID) contains an invalid Software Developer Code (not an approved developer) based on tax type and tax year.
PA41-002	Invalid Requested Payment Date. If a payment is present, the Requested Payment Date must be present. The Requested Payment Date must be a valid date and cannot be greater 365 days after the IRS Time Stamp Date.
PA41-003	If Residency Status is Nonresident, then Name of State must be present.
PA41-004	If a Final Return, then the Ending Date must be present.
PA41-005	Invalid Total Income. Total Income must be equal to the sum of Interest Income and Gambling and Lottery Winnings; Dividend and Capital Gains Distribution Income; Net Income or (loss) From the Operation of a Business, Profession or Farm; Net Gain or (loss) From the Sale, Exchange, or Disposition of Property; Net Income or (loss) From Rents, Royalties, Patents, and Copyrights and Estate and Trust Income.
PA41-006	Invalid Net PA-Taxable Income. Net PA-Taxable Income must equal Total Income minus Deductions from PA Schedule DD.
PA41-007	The PA Tax Liability must equal Net PA Taxable Income * 3.07 percent (between -1.00 and 1.00).
PA41-008	Invalid Payments and Credits. Payments and Credits must equal the sum of Estimated Payments and Credits; Nonresident Tax Withheld; Credit for Taxes Paid to Other States; Total Other Credits and PA Income Tax Withheld.
PA41-009	Invalid Tax Due. If Tax Due is present, then the total of Total PA Tax Liability and Use Tax must be greater than Payments and Credits.
PA41-010	Invalid Total Payment. If Pa Tax Due is present then Total Payment must be present.
PA41-011	Invalid Overpayment. Overpayment must be equal to the sum of Refund and Credit.
PA41-012	Invalid Debit Payment. If a Debit Payment is present, then Total Payment must be present and must be greater than '0'.
PA41-013	Invalid Debit Payment. If a Debit Payment is present, then Refund must be equal to or less than '0'.



PA41-014	The FEIN has been filed through MeF in a previous return and neither is an amended return.
PA41-015	State Schema Version must be present.
PA41EXT-001	Invalid payment type. The submission cannot contain Estimated payments or Refund direct deposit.

## 6.8 EXTENSION OF TIME TO FILE

The department will grant up to a five-month extension of time to file the PA-41, Fiduciary Income Tax Return. An extension of time to file does not extend the payment deadline.

Follow these procedures when applying for an extension of time to file:

### If the fiduciary owes income tax, it must:

- File a timely REV-276, Application for Extension of Time to File electronically and pay by debit to a bank account or mail in a paper check; or
- File a timely REV-276, Application for Extension of Time to File by mail and submit a paper check with the application.

### If the fiduciary does not owe income tax and does not have an extension to file federal Form 1041, it must:

- File a timely REV-276, Application for Extension of Time to File either electronically or by paper.

If the fiduciary has an approved extension to file federal Form 1041 the department will grant the same extension to file the PA-41 Fiduciary Income Tax Return.

Mail REV-276, with or without a payment to:

PA DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
PO BOX 280504  
HARRISBURG PA 17128-0504

When filing the Pennsylvania tax return:

- Fill in the extension request oval at the top of the PA-41, Fiduciary Income Tax Return; and
- If the fiduciary has not filed REV-276, submit a copy of federal Form 7004 with the PA-41 Fiduciary Income Tax Return.

## SECTION 7. CONTACT INFORMATION

Software developers, EROs and transmitters needing assistance with the department's e-file requirements and specifications may contact the following revenue agents.

### For assistance with partnership e-filing:

PA DEPARTMENT OF REVENUE  
PASS THROUGH BUSINESS OFFICE  
4TH & WALNUT ST  
HARRISBURG PA 17128  
Telephone: 717-425-2884  
sashupp@pa.gov  
Email: RA-ptbo@pa.gov

### For assistance with corporate e-filing:

PA DEPARTMENT OF REVENUE  
CORPORATION TAXES  
6TH FL STRAWBERRY SQUARE  
HARRISBURG PA 17128  
Telephone: 717-346-1987  
Email: ghabimana@pa.gov  
Email: RA-FedStTestCorp1120@pa.gov

### For assistance with individual e-filing:

PA DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
5TH FL STRAWBERRY SQUARE  
HARRISBURG PA 17128  
Telephone: 717-787-4017  
Email: jhenry@pa.gov  
Email: RA-RV-BIT-MEF@pa.gov

### IRS Publications

This document and related specifications and requirements for e-file are available on the department's web site at [www.revenue.pa.gov](http://www.revenue.pa.gov) and should be used in conjunction with the following IRS publications, located at the IRS's website, [www.irs.gov](http://www.irs.gov):

- 3112, IRS Application and Participation
- 5078, Assurance Testing (ATS) Guidelines for Modernized e-File (MeF) Business Submissions. (Sept. 2017)
- 4163, Modernized e-File (MeF) Information for Authorized IRS e-File Providers for Business Returns
- 4164, Modernized e-File Guide for Software Developers and Transmitters