

(1) SCOPE - This regulation explains the requirements for an electronic Individual Income Tax Return to be complete and timely filed. Terms are defined to clarify when an electronic return is considered to be timely filed for accepted and rejected returns.

(2) Definitions:

(a) XML Schema – A single file or collection of files that describe the structure of an XML instance document along with rules for data content and semantics such as what fields an element can contain, which sub elements it can contain, and how many items can be present. It can also describe the type and values that can be placed into each element or attribute.

(b) XML instance document – The actual return data defined by the XML Schema. This document is validated against the XML schema to ensure the contents and structures are correct.

(c) Business Rules – A document that defines the criteria that needs to be met for an electronic return to be accepted based on the filing instructions and system requirements for a specific tax return.

(d) Individual Income Tax – The tax levied by Sections 40-18-2, Code of Alabama 1975.

(e) Software Developer - An Authorized IRS e-file Provider that develops software for the purposes of (a) formatting the electronic portions of returns according to Publication 4164 or Department specifications and/or(b) transmitting the electronic portion of returns directly to the IRS. A Software Developer may also sell its software.

(f) Electronic Return Originator (ERO) – A firm, organization, or individual who is an authorized IRS e-file provider that originates the electronic submission of returns. Because the electronic filing process is a joint program between the IRS and the Department, an ERO must be approved by the Internal Revenue Service to qualify for this program.

(g) AL8453 - A document used to satisfy signature requirements for electronically filed Individual Income Tax Returns submitted to the State of Alabama by an Electronic Return Originator (ERO).

(h) AL8453OL - A document used to satisfy signature requirements for electronically filed Individual Income Tax Returns submitted to the State of Alabama by an Online Filer.

(i) Accepted return – An Alabama Individual Electronic Income Tax Return that has successfully completed the schema and business rules validation process and the Department has sent an acknowledgement with an Acceptance Status of “Accepted” for MeF (Modernized e-File) returns.

(j) Rejected Return – An Alabama Individual Electronic Income Tax Return that was received, but failed to complete the schema and or business rule validation process and the Department has sent an acknowledgement with an Acceptance Status of “Rejected” for MeF returns.

(k) Transmission Perfection Period – A ten (10) calendar day period from the date of the first transmission of an Individual MeF (Modernized E-file) Income Tax Return that a taxpayer has to correct and resubmit a rejected electronically transmitted Individual MeF Income Tax Return that was originally timely filed.

(l) Electronic Postmark – A record of the date and time (in a particular time zone) that an authorized electronic return transmitter receives the transmission of a taxpayer’s electronically filed document on its host system. However, if the taxpayer and the electronic return transmitter are located in different time zones, it is the taxpayer’s time zone that controls the timeliness of the electronically filed document.

(m) Timely Filed Return – An electronic return that is received and accepted by the due date or within the six-month automatic extension period. It also includes a timely filed rejected return that is resubmitted and accepted during the transmission perfection period.

(n) Electronic Return Transmitter – An authorized IRS e-file Provider that transmits the electronic portion of a return directly to the IRS or the Department. An entity that provides a “bump up” service is also a Transmitter. A bump up service provider increases the transmission rate or line speed of formatted or reformatted information that it is sending to the IRS.

(o) Standard Letter of Intent (LOI) – A form which must be completed to request approval from the Department to provide tax preparation software for electronic forms submissions. By completing this form, the software developer agrees to comply with all national security summit standards and requirements in addition to the specific Alabama requirements included in the LOI.

(p) Acceptable Individual Income Tax Return – Any original Individual tax return that is authorized by the Department to be filed solely using electronic technology as defined in Section 40-30-3(2), Code of Alabama 1975.

(q) Submission Error Rate – A Software Developer’s percentage of business rule rejections compared to the total amount of returns submitted. This will be calculated by taking the total amount of business rule rejections per form type for a particular form year divided by the total amount of returns transmitted for that same form type with regards to the form year in question.

(r) Original Individual Income Tax Return – Any return that is required to be filed with respect to the tax imposed as defined by Section 40-18-2, Code of Alabama 1975.

(s) Tax Preparation Software – Any computer software program intended for accounting, tax preparation, and or tax compliance.

(t) Electronic Signature Pad – An electronic device with a touch sensitive LCD screen which allows users to acquire and register a signature or any other physical signature capture device that captures and converts a signature into an electronic format.

(u) Suitability – A check conducted on all software developers including rebranded and white labeled products, when an application is initially processed and on a regular basis thereafter. The suitability check may include background and personal tax compliance checks conducted by the department to ensure the software developers are eligible for participation in the Department's e-file program.

(v) Acceptance or Assurance Testing (ATS) – Required testing for software developers that participate in the Department's Individual e-file program. This testing is used to assess their software and transmission capability with the department prior to live processing.

(2) Return Filing Requirements:

(a) A complete Alabama Electronic Individual Income Tax Return will consist of XML data transmitted electronically and supporting binary documents (such as .pdf documents, if applicable) as required by the Alabama Individual Modernized Electronic Filing (MeF) schemas, business rules, and Handbook for Software Developers and Transmitters (Publication 4164). A complete Alabama electronic return must contain the same information as a comparable Alabama Individual Income Tax Return as if filed entirely on paper.

(3) Timely Filed Information for Accepted and Rejected Returns:

(a) The electronic postmark or IRS received date of an accepted Alabama Electronic Individual Income Tax Return will be used to determine timely filing of an electronic return in the same manner that the postmarked date is used to determine timely filing of a paper Alabama Individual Income Tax Return.

(b) The electronic postmark (based on the taxpayer's time zone) will be used as the received date of the electronic transmission if the electronic postmark is within three (3) days of the IRS received date. However, if there is no electronic postmark date or if the electronic postmark date is greater than three (3) days of the IRS received date, then the IRS received date will be used.

(c) If a timely filed electronic return is rejected, the filer has the later of 10 calendar days from the date of the first transmission or the due date of the return (with extensions) to correct the errors and resubmit the return. In order for the Department to acknowledge the transmission date of the original return, the submission ID of the original return must be transmitted in each subsequent filing. If the return is resubmitted and accepted after the due date (with extensions) or the transmission perfection period, the received date will be the transmission date of the accepted resubmitted (perfected) return and not the date that the original rejected return was submitted.

(d) Perfection of a return for electronic re-transmission is generally required when the original timely filed electronic return had errors in the XML format, or errors that caused the return to fail Alabama Individual Income tax MeF schema validation and/or business rules. Therefore, the transmission perfection period is not an extension of time to file; it is a period of time to correct errors in the electronic file.

(e) If a filer is unable to correct a rejected Alabama Individual income tax electronic return to an accepted status, the filer must submit their paper return with a copy of the last rejection notification from the Department. To be considered timely filed, this paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date that Alabama last gives notification that the return was rejected. If the return is received after the due date or the transmission perfection period, the received date will be the transmission date of the return.

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