

[2014]

ERO HANDBOOK FOR ELECTRONIC FILERS OF NORTH CAROLINA
CORPORATE & PARTNERSHIP RETURNS/PAYMENTS

*For Business Modernized e-File
(MeF)*



NC Department of Revenue

501 N. Wilmington Street

Raleigh, NC 27604

Tax Year 2014

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Chapter 1 - Introduction

Beginning with Tax Year 2014, the North Carolina Department of Revenue (NCDOR) expanded its electronic filing options by adding Corporate and Partnership tax returns to our IRS Fed/State MeF e-File program.

The purpose of this handbook is to ensure that the IRS and NCDOR rules, regulations and requirements to process MeF returns are clearly defined. We encourage all software developers, transmitters and EROs to become very familiar with both IRS and NCDOR publications that pertain to MeF. These publications are referenced in Chapter 5, so please use these documents to assist with properly preparing North Carolina tax data for electronic filing via the MeF platform.

NCDOR is confident that our e-File program will continue to be very successful. We also recognize that our success is dependent on the continued partnerships, open communication and dedicated efforts of each participating software developer, transmitter and ERO. Therefore, if you have any questions or concerns, please contact the NCDOR personnel listed in Chapter 2. As always, we welcome any comments and/or suggestions so that our partnerships in the e-File program can continue to be a great success with you the developers, EROs, tax professionals and to the taxpayers of North Carolina.

Chapter 2 – NCDOR Contact Personnel

E-File and Development Unit

Judith Kapp
Josephine Prince
Vickie Grant
Bradford Miller

We encourage you to use the following email and telephone number for a prompt response from the E-File and Development Unit:

Email Address: NCTaxEfile@dornc.com

Phone: (919) 814-1500

Fax: (919) 715-6158

Management Contact Personnel

Cindy Mallard – Director

Email Address: Cindy.Mallard@dornc.com

Lei Satterfield – Assistant Director

Email Address: Lei.Satterfield@dornc.com

Sharon Tanner – Group Manager

Email Address: Sharon.Tanner@dornc.com

Felecia Coley – Manager

Email Address: Felecia.Coley@dornc.com

Janie Wright – Team Leader

Email Address: Janie.Wright@dornc.com

Mailing Address:

North Carolina Department of Revenue
E-File and Development Unit
P. O. Box 25000
Raleigh, NC 27640

Web Address:

www.dornc.com

Please contact the E-File Development Unit for questions, comments or concerns regarding tax software guidelines, procedures, MeF schemas and business rules.

Chapter 3 – Electronic Filing Calendar

NORTH CAROLINA ELECTRONIC FILING CALENDAR

North Carolina will follow the IRS eFile calendar for ATS. However, for TY2014 implementation the North Carolina Department of Revenue will follow the schedule as noted below:

Corporate Income/Franchise

Begin State ATS Testing.....	4/1/2015
End Federal/State ATS Testing.....	6/30/2015
Begin Transmitting Returns to IRS/NCDOR.....	6/10/2015

Partnership

Begin State ATS Testing.....	7/20/2015
End Federal/State ATS Testing.....	8/31/15
Begin Transmitting Returns to IRS/NCDOR.....	TBD



Chapter 4 – Modernized e-File Program (MeF)

NCDOR's Fed/State MeF program will accept Corporate and Partnership returns along with extensions with or without payments, estimated tax payments and tax due payments. Our MeF program does not accept stand-alone payments, therefore any estimated or tax due payments must be submitted with the original submission and any extension payments must be submitted with the extension submission. Federal Forms 1120, 1120S & 1065 are required with all original return submissions. The return will be rejected if the federal forms are not included in the submission.

EROs, Intermediate Service Providers and Transmitters accepted in the IRS e-File Program will be able to participate in the Fed/State Modernized e-File program and file both the federal return and the state return in one transmission (linked) or the state return in a separate transmission as (unlinked). The software used to transmit the data must be approved by both the IRS and the NCDOR. North Carolina conforms to the requirements, rules and regulations set forth by the IRS Modernized e-File program.

WHAT'S NEW FOR TAX 2014

North Carolina is a participant in the Fed/State MeF program for Federal 1120/1120S for Corporate and Federal 1065 for Partnership which can be submitted linked or unlinked. The federal forms 1120 or 1120S are required to be filed with the North Carolina's CD-405 or CD-401S state form. Also the federal form 1065 is required to be filed with the state form D-403.

NCDOR's MeF system has the capability to:

- Accept extension and bank draft payments for Corporate and Franchise Taxes and Partnership Taxes with the option to schedule payments up to 6 months.
- Accept estimated bank draft payments for Corporate and Franchise Taxes with the option to schedule 1 or all 4 estimated payments up to 12 months.

E-FILED SUPPORTED FORMS

CORPORATE	
Form Type	Description
CD-401S	S-Corp return (original only)
CD-405	C-Corp return (original only)
CD-405CW	Combined Corporate Income Tax Worksheet
CD-429	Corporate Estimate
CD-419	Corporate Extension
CD-425	Tax Credit Summary
CD-418	Cooperative or mutual association
NC-K1 (CD_401S)	Shareholder's share of NC Income, Adjustments, Credits
NC-478	Summary of Tax Credits Limited to 50% of Tax
NC-478B	Tax Credit – Investing in Machinery and Equipment
NC-478E	Tax Credit – Investing in Central Office or Aircraft Facility Property
NC-478G	Tax Credit – Investing in Renewable Energy Property

NC-478I	Tax Credit – Research and Development
NC-478J	Tax Credit – Creating New Jobs
NC-478K	Tax Credit – Investing in Business Property
NC-478L	Tax Credit – Investing in Real Property
NC-478 Pass Through	NC-478 Pass Through
CD-V	Corp/Franchise Return Payment Voucher
NC-EDU	Education Payment Voucher
PARTNERSHIP	
Form Type	Description
D-403	Partnership Income Tax Return (original only)
D-403TC	Partnership Tax Credit Summary
D403V	State Payment Voucher
D-410P	Partnership Tax Extension
NC-K1 (D-403)	Partner's share of NC Income, Adjustments, Credits
NC-478	Summary of Tax Credits Limited to 50% of Tax
NC-478B	Tax Credit – Investing in Machinery and Equipment
NC-478E	Tax Credit – Investing in Central Office or Aircraft Facility Property
NC-478G	Tax Credit – Investing in Renewable Energy Property
NC-478I	Tax Credit – Research and Development
NC-478J	Tax Credit – Creating New Jobs
NC-478K	Tax Credit – Investing in Business Property
NC-478L	Tax Credit – Investing in Real Property
NC-478 Pass Through	NC-478 Pass Through

EXCLUSIONS FROM NCDOR E-FILE

The following Corporate and Partnership forms cannot be filed electronically through North Carolina's Fed/State e-File program:

CORPORATE		PARTNERSHIP	
CD-429B	Underpayment of Estimated Tax by C Corporations	NC-NPA	Nonresident Partner Affirmation
CD-479	North Carolina Annual Report for Business Corporations	D-403	Amended
NC-415	Tax Credit for Qualifying Expenses of a Film or Television Production Company		
NC-NA	Nonresident Shareholder Agreement		
CD-401S	Amended		
CD-405	Amended		

NOTE: In addition to the above exclusions from North Carolina e-File, any Corporate Income or Partnership tax return in the list of exclusions from Federal e-File cannot be filed through the Federal/State MeF program.

NORTH CAROLINA TAX LAW CHANGES AND/OR UPDATES

DOR published information on the six ways the state has decoupled from the Internal Revenue Code (IRC). The information includes the federal and state provisions along with the impacts on corporate and individual income returns. This information can be found on our website at <http://www.dorn.com/taxes/impactofcodeupdate040115.pdf>.

ELECTRONIC FILING MANDATES

Currently, there are no legislative mandates for Corporations and businesses to electronically file Corporate Income/Franchise or Partnership returns.

Chapter 5 – NCDOR Fed/State eFile Program

ACCEPTANCE AND PARTICIPATION

NCDOR requires all tax professionals, EROs, Intermediate Service Providers and Transmitters to be accepted into the Federal e-File program before they can participate in the Federal/State Modernized e-File Program. Tax professional who offer electronic filing of federal and state returns must be approved by the IRS to prepare returns. Once accepted, the IRS will assign an Electronic Filing Identification Number (EFIN), which is necessary in order to participate in State e-File.

Tax professionals do not need to submit an application to NCDOR nor submit a copy of the federal acceptance letter to be accepted into the e-File program for state e-Filing purposes. Upon acceptance in the IRS e-File Program, tax professionals will be able to file both the federal return and the state return in one transmission (linked) or the state return in a separate transmission as (unlinked). Once approved, tax professionals must adhere to the requirements and specifications set forth by the IRS and North Carolina.

NCDOR will send a letter of rejection to participants, if necessary, for violating the regulations and guidelines of the e-File program. The department will have access to the Federal Applicant Database that enables the Department to reference pertinent information regarding the tax professional. The following offenses may result in a tax professional being denied participation in the program:

- **Conviction of a criminal offense under the revenue laws of the State of North Carolina or any offense involving dishonesty or breach of trust.**
- **Failure to file timely and accurate returns, both business and personal.**
- **Failure to pay business and personal tax liabilities.**
- **Suspension or rejection from the program in a prior year if corrective actions are not taken and approved by NCDOR.**
- **Other facts or conduct of a disreputable nature that would reflect adversely on the program.**
- **Unethical practices in return preparation.**
- **Noncompliance with North Carolina electronic filing rules and regulations as explained in the handbook.**

Tax professionals will need to transmit data using software that has been certified and approved by both the IRS and the NCDOR in order to e-File. It is recommended that a tax professional contract to purchase software capable of electronically filing the North Carolina return after the software developer has completed the testing process and the software has been approved by NCDOR. A list of approved software developers for the current tax year can be accessed on our website at www.dorncc.com.

Note: NCDOR does not promote or endorse any particular product and NCDOR's approval only means that the vendor has met the established software requirements and specifications.

PUBLICATIONS

The following publications describe the process of Electronic Filing and Federal/State Electronic Filing:

INTERNAL REVENUE SERVICE PUBLICATIONS

[Publication 4163](#) – Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns

[Publication 3112](#) – IRS e-File Application and Participation

[Publication 4164](#) – MeF Guide for Software Developers and Transmitters

NORTH CAROLINA DEPARTMENT OF REVENUE PUBLICATIONS

ERO Handbook for Electronic Filers and Transmitters of North Carolina Corporate & Partnership Returns /Payments (Tax Year 2014)

SOFTWARE DEVELOPERS, TRANSMITTERS AND ERO'S DEFINED

An authorized e-File provider can be included in one or more of the categories defined below:

- Software Developer – A firm, an organization, or an individual who designs software for the purpose of formatting returns according to electronic return specifications of the IRS and the NCDOR and/or transmitting electronic tax returns directly to the IRS.
- Intermediate Service Provider – A firm, an organization, or an individual who receives tax information from an ERO (or from a taxpayer who files electronically using a personal computer, modem, and commercial tax preparation software), processes the tax return information, and either forwards the information to a transmitter or sends the information back to the ERO or taxpayer in the case of online filing.
- Transmitter – A firm, an organization, or an individual who transmits electronic tax returns directly to the IRS.
- Electronic Return Originator (ERO) – A firm, an organization, or an individual who originates the electronic submission of an income tax return to the IRS and may originate the electronic submission of income tax returns that either they have prepared or that they have collected from taxpayers.

A firm, an organization, or an individual may choose to perform one or all of the above noted functions associated with e-File. Therefore, you must abide by the terms set forth in this handbook and maintain a high degree of integrity, compliance, and accuracy in order to participate in the Federal/State Modernized e-File program

RESPONSIBILITIES OF SOFTWARE DEVELOPERS, TRANSMITTERS AND ERO'S

Software Developers

Electronic filers that function as a software developer must:

- Follow the requirements that are provided in this manual.
- Follow the schema and business rule specifications when programming your software.
- Notify NCDOR, customers and clients within 10 business days when an issue has been discovered with the software.
- Quickly correct software errors that may prevent electronic returns from being filed timely.
- Notify NCDOR, customers and clients when the error has been corrected and provide NCDOR with satisfactory evidence that the error has been corrected.

*** Errors made by NCDOR and software developers will be placed on the Department's website for public viewing.**

Transmitters

Transmitters who provide transmission services to other electronic filers must:

- Only accept electronic returns for transmission to NCDOR from an accepted electronic filer.
- Provide acknowledgment files to each client for their transmitted returns within one business day after receipt of the acknowledgment from NCDOR.
- Include the EROs EFIN on each return that the transmitter accepts from an ERO.
- Use their EFIN on returns in which they performed duties of an ERO.
- Notify NCDOR if the transmitter ceases business operations.

Electronic filers functioning as transmitters must:

- Transmit all electronic returns within 3 calendar days of receipt and retrieve the acknowledgment file within 2 business days of transmission.
- Provide acknowledgment files to the ERO or Intermediate within 2 business days of retrieval from NCDOR.
- Ensure the security and confidentiality of all transmitted data.
- Ensure against the unauthorized use of its EFIN or ETIN.
- Match the state acknowledgment files to the original transmission files and contact the e-File Development Unit if the state acknowledgment has not been received within 3 calendar days of transmission.
- Retain a state acknowledgment file received until the end of the calendar year in which the electronic return was filed.

EROs

Electronic filers that function as an ERO must:

- Use approved software for the North Carolina electronic filing program.
- Timely originate the electronic submission.

- Ensure the acknowledgments are received for all state submissions.
- Identify the paid preparer (if applicable) in the appropriate field of the electronic record.
- Give taxpayers copies of all forms filed including attachments.

Chapter 6 – NCDOR Testing & Approval Process

Important: The information and line numbers on the Department's tax forms and instructions as well as references to line numbers on Federal income tax forms are based on the most current information available. Please be advised this information is subject to change based on possible federal and/or state tax provision changes.

ASSURANCE TESTING SYSTEM (ATS) PROCESS

All software developers and transmitters are required to test their transmission software with North Carolina data on an annual basis. The testing phase is a critical component for the e-File program and requires each of the software developers and transmitters to adhere to North Carolina tax laws, Schema, and Business Rule validations. Therefore, testing ensures prior to live processing that:

- Both TIGERS and state specific schemas fields are coded correctly
- Business rule validations are coded correctly
- Returns have fewer validation with no math errors
- Returns post to the NCDOR tax system

Prior to testing, each software developer **must** submit a “Response Form” to the e-File & Development Unit for each software product that **must** be tested. Each software product must have a different software developer code. For example, if you have both Tax Preparation and Online software products, you can differentiate between the products by using XYZ for the Tax Preparation product and XYZ OL for the online product. Therefore, each transmission of test data must contain valid software developer identification. Any records received by NCDOR that do not contain valid identification will **not** be processed.

Also, if a developer is seeking approval for a software product that runs on different operating systems (i.e., Windows, Macintosh) or that has alternative user interfaces (i.e., Desktop, Web, Custom Branding) the developer must test each version of the product separately with NCDOR. Software Developers and Transmitters participating in the program will be provided with test data and instructions to perform testing of North Carolina’s Corporate Income/Franchise and Partnership Tax Forms.

All North Carolina test returns used in e-File testing are comprised of applicable federal test data. Therefore, knowledge of Federal and North Carolina State tax laws and tax preparation is necessary. It may be necessary to modify some of the federal data as provided by North Carolina to complete your testing package for processing. Therefore, if your software does not support certain federal forms or certain line items on the North Carolina return, please provide detailed calculations and/or explanations for your test return results. **It is very important that you list all of your software limitations on the “Response Form” prior to the start of software developer testing. This will ensure the reviewer has all the necessary information to complete your compares accurately.** If limitations are not properly identified, test results will be based on supporting all forms, schedules and test scenarios.

If for some reason limitations are recognized after the "Response Form" has been submitted to NCDOR, please submit an updated list to the e-File & Development Unit as soon as possible so that your file can be updated. If software limitations are provided after the testing start date, please allow 7 business days from the time the limitations are submitted before transmitting test returns.

Once the Federal/State ATS testing season begins, software developers and transmitters can begin transmitting test returns through the Fed/State MeF program. **All** test returns must be received in a single transmission. After a successful transmission without triggering any business rules you will receive an automated comparison email for all the accepted returns. Listed below is an example of the automated email.

Software ID: NC_TEST
Submission Category: CORP
Tax Year: 2014

Thank you for filing MeF test returns with the North Carolina Department of Revenue.

An automated comparison has been performed, and the results are shown below. If no discrepancies were found, only basic submission information will be listed. If discrepancies were found, submission information will be listed along with the XPath and received values for the elements in question.

Please review the information below, make any necessary corrections, and resubmit as needed until ALL discrepancies have been resolved. We request that a full set of valid test returns be submitted and accepted in a single batch. As a final step in the approval process, please also provide the required screenshots by email to NCTaxEfile@dornc.com.

Submission ID: 65555820120529806643, Case ID: 1, Identity Number: 00-0000001 *(Example of correct return)*
-- Successful compare --

Submission ID: 78234420120521072545, Case ID: 2, Identity Number: 00-0000002 *(Example of incorrect return)*
[D400] **Originator EFIN** [000000]
 //ReturnHeaderState/Originator/EFIN

Please note that Developers who are seeking approval for a software product that runs on different operating systems (e.g. Windows, Mac) or that has alternative user interfaces (e.g. desktop, web, custom branding) must test **each** version of the product separately with NCDOR.

If you have any questions, please feel free to contact the E-File Development Unit at (919) 814-1500 or NCTaxefile@dornc.com.

Thank you for your participation with North Carolina in the MeF program!

Sincerely,

North Carolina E-File Development Unit

SOFTWARE APPROVAL

In the second step of the approval process, an email will be sent to the developer requesting the screen shots detailing the verbiage used from their software product for the following:

- **Verbiage used to prompt the user to answer the payment question:** "Is this payment(s) coming from or through an account located outside of the United States?" "If yes, an IAT

payment is not allowed. In order to continue with your payment you must choose a domestic bank account.”

- **Verbiage used to prompt the user to fill out the Payment Contact information:** “Enter your complete name (first and last name), email address, and telephone number, including area code, in the appropriate fields. This information will be used in the event the North Carolina Department of Revenue needs to contact you regarding your payment. We will use the email address to acknowledge receipt of your payment. If you do not provide an email address, you will not receive confirmation that your payment has been received.”
- **Verbiage for the payment draft date:** “The payment draft date or effective date must be a valid banking date that does not include weekends or bank holidays. When entering your draft date, you will be provided with the earliest possible effective date. This date is based on a 5:30pm EST cutoff. If it is after 5:30 pm EST, the actual draft date may be a later business date. You will need to submit your payment information at least one banking day prior to the payment due date in order for the payment to be received timely. Payments received beyond the payment due date are subject to penalty and interest.

You will receive a NCDOR Confirmation email after your payment is received.

If your payment is returned from your bank unpaid, you will be subject to a "Penalty for Bad Electronic Funds Transfer." The penalty is 10% of the payment (minimum \$1.00; maximum \$1,000.00)."

Software developers must require taxpayers to select valid settlement dates, and display language to taxpayers stating that payments may be settled on dates later than the requested settlement date. Invalid settlement dates are weekends, past dates, the same date as the submission, and bank holidays specified on the Federal Reserve website (<http://www.frb services.org/holidayschedules/index.html>).

- **Verbiage on the instruction page to verify the following:** “If you owe additional tax, you can pay online by bank draft or debit/credit card using Visa or MasterCard. To pay online, go to the Department’s website at www.dornc.com and click onto Electronic Services.”

These screens shots must be submitted for software products used only by the general population and those used strictly by professionals. Software developers will be notified in writing of their e-File approval after completing the e-File testing process. The approval letter will be emailed and the original copy faxed **only** if requested. If, after approval, your software company has production problems, the NCDOR reserves the right to disapprove the company for the remainder of the filing season.

Once you have received your approval letter, you may release your software product for e-File even if your forms have not been approved for paper filing. You will need to place a banner over the forms that are not supported for e-File stating the form has not been approved for paper filing. In addition, you must do all of the following:

- Software Developers are to notify the Department, customers, and clients within 10 business days when an issue has been discovered within their software. Errors must be corrected and the Department provided with satisfactory evidence that the errors have been corrected and customers/clients have been notified of the correction.

- Developers are not required to provide a copy of the software or 'URL' unless requested. If requested, developers must provide a copy of the software or 'URL' within 5 business days from the date of request.

NC SCHEMAS AND BUSINESS RULES

The MeF schemas and business rules for TY2014 Corporate Income and Franchise tax is located on NCDOR's website at the following location:

http://www.dornc.com/electronic/corpefile_taxpro.html

The schemas and business rules for Partnership will be posted to our website at a later date, but this information can be requested by sending an email to NCTaxEfile@dornc.com.

Important Information Regarding Elements in the Schema

Each payment is identified by the combination of the FTA (Federation of Tax Administrators) and STT (State Tax Type) codes. The FTA and STT codes are found in the addenda record element in the 'FinancialTransaction' schema. The following are the FTA and STT for Corporate Income Tax Payments:

Payment	FTA Code	STT
CD-V (Corp)	020	00
CD-V (Franchise)	030	00
CD-419 (Corp)	023	00
CD-419 (Franchise)	033	00
D-403 V Partnership	013	00
D-410P Extension (Partnership or Estate & Trust)	014	00
CD-429 Corp Estimated	021	00
NC-EDU	200	02

Forms Approval

Each software developer must gain approval to produce paper substitute tax forms. This approval process is handled by NCDOR's Forms Development & Testing Unit. Therefore, you will need to visit the following website www.dornc.com/forms/generated.html for instructions regarding their testing and forms approval process.

Chapter 7 – Filing an Electronic Return

ACKNOWLEDGMENTS

The expectation for all electronic filing providers is to ensure that the electronic returns are filed in a timely manner, which should be done on or before the due date. NCDOR uses the IRS' Received Date when determining if a return is timely filed. The tax return is not considered filed until the electronic portion of the tax return has been acknowledged and accepted.

The IRS will acknowledge acceptance of the federal data and receipt of a state data packet for processing. The state data packet consists of the state return and a copy of the federal return. NCDOR will acknowledge receipt of the state data packet through the Fed/State Acknowledgment System and will then process the taxpayer's return.

NCDOR will generate an acknowledgement from the MeF system for each submission that is received from EROs and transmitters. The acknowledgements will indicate if the return was accepted or rejected. A federal acknowledgement is separate from a NCDOR acknowledgement. The receipt of a federal acknowledgement does not signify that NCDOR received your state submission. Only a NCDOR acknowledgement guarantees that the North Carolina submission was received.

If an error is discovered and can be corrected, both returns may be retransmitted. If the federal return cannot be corrected, the state return can be retransmitted separately as an "unlinked" return. Some returns are rejected based on schema validation or business rule errors and must be corrected by the ERO, transmitter or taxpayer before resubmitting. Returns with errors that are not rejected will be corrected through the normal error resolution process.

Business rule and/or schema validation error codes should be displayed on the acknowledgment provided to the taxpayer and/or tax preparer. The acknowledgment **should not** state, "Contact NCDOR for business rule or schema validation error information."

Sometimes changes may need to be made on an e-filed return that has been acknowledged by NCDOR. If the acknowledgment states that the return was "Accepted" by NCDOR, the e-filed return cannot be intercepted to make corrections. In order to correct an error on a return for tax year 2014, you will need to file an amended tax return by paper. Please visit our website at <http://www.dornc.com/forms/index.html> for the list of forms.

If an acknowledgment has not been received within 3 business days for a return that has been transmitted, please contact the E-File and Development Unit via email at NCTaxEfile@dornc.com so that we can research the missing acknowledgments.

PERFECTION PERIOD

NCDOR does not follow the IRS return perfection period. A return must be transmitted and accepted by the due date of the return to be considered timely filed.

Chapter 8 – Refund & Payment Options

REFUNDS

Direct deposit of a refund is not an option for Corporate Income or Partnership tax returns for Tax Year 2014. The following options are available for refund request:

- The overpayment can be issued in the form of a paper check.
- An overpayment may be applied to next year's estimated tax (CD-405 only).
- A portion of the overpayment may be applied to next year's estimated tax and any remaining balance will be issued in the form of a paper check (CD-405 only).

PAYMENTS

NACHA Operating Rules

- **It is the intent of the North Carolina Department of Revenue not to use the ACH system for transactions in violation of US Law, including the sanctions administered by the Office of Foreign Assets Control (OFAC). It is also the intent of the agency to be in compliance with the "International ACH Transaction (IAT) rules" that are part of the NACHA Operating Rules. Therefore, all ACH payments made through this website not associated with a foreign bank account would classify it as an "International ACH Transaction (IAT)" under the NACHA Operating Rules.**

Payment via E-File Software

The ERO is responsible for giving the taxpayer the payment forms and for instructing the taxpayer on submitting the voucher with payment on the 15th day of the fourth month following the close of the income year to avoid interest and penalties. The taxpayer must remit payment for any tax due to the North Carolina Department of Revenue.

For Tax Year 2014, a taxpayer can pay through the Fed/State MeF program by bank draft only. Taxpayers who choose this option must provide the ERO with routing numbers and account numbers for the qualified savings or checking accounts. 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. NCDOR's MeF system can:

- Accept extension and bank draft payments for Corporate and Franchise Taxes and Partnership Taxes with the option to schedule payments up to 6 months.
- Accept estimated bank draft payments for Corporate and Franchise Taxes with the option to schedule 1 or all 4 estimated payments up to 12 months.

Payment via NCDOR Website

In lieu of mailing a check or money order to the Department, a taxpayer can also use the Department's Electronic Services to pay the tax due on a corporate income tax & partnership tax returns for the current year. Go to www.dorn.com and select [Electronic Services](#) to make an online payment. Payments can be made online by bank draft and credit or debit card using MasterCard or Visa. There is no fee for choosing the bank draft method. There is a convenience fee for choosing to remit by credit/debit card. The fee is calculated as \$2.00 for every \$100.00 increment of the tax payment. The fee is automatically calculated and added to the tax payment amount to obtain the total amount to be charged to the taxpayer's credit/debit card account. The taxpayer will need the following information to make an online payment or electronic funds withdrawal:

- Social Security Number or Federal Employer ID Number
- Address
- Email address
- Telephone number

- If making a payment by bank draft:
 - Bank account number
 - Bank routing number
 - Account type (checking or savings)
 - Amount of Payment
 - Date you want to make the payment

- If making a payment by credit/debit card:
 - Credit/debit card number
 - Expiration date
 - Zip code as it appears on the credit/debit card statement

The taxpayer will be prompted through a series of screens that will require the taxpayer to complete the account details and furnish credit/debit card or bank draft account information. The taxpayer will be provided a confirmation page that contains a confirmation number. This page should be printed and saved for record keeping.

The taxpayer will receive an email message from the Department within two business days of submitting the payment information. The email contains the confirmation number and Document Locator Number (DLN). The taxpayer should retain both numbers for future reference. If assistance is needed, the taxpayer can contact the Electronic Services Help Line Monday through Friday between the hours of 8:00 am and 5:00 pm EST at 1-877-308-9103 or (919) 754-2444.

Frequently Asked Balance Due Payment Questions

What Information Do I Need to Make a Payment Via Bank Draft?

- Bank Account Number
- Bank Routing Number
- Account Type (checking or savings)
- Amount of Payment

- Date you want to make the payment

What is a Debit Block and how can it be removed?

Some financial institutions offer a "Debit Block" service for some banking accounts. A Debit Block is a restriction placed on a bank account to prevent unauthorized debits to the account. A debit block must be removed before an ACH Debit transaction can occur successfully. **If you are unsure if your bank account has a debit block, contact your financial institution for more information.**

For ACH Debit (Online Payments), you may also provide your bank with the North Carolina Department of Revenue Company ID -**1561611838**. This number allows the bank to identify the NC Department of Revenue as an acceptable party to debit the account and bypass a debit block.

What If I Change My Mind After I Have Completed the Bank Draft Transaction?

If you make a payment by bank draft and later decide to reverse the transaction, you will need to contact your bank to cancel the transaction. However, you may be subject to penalties, interest or other fees imposed by the Department of Revenue for nonpayment or late payment of tax.

How Will I Know the Department Has Received My Payment?

After you have entered your payment information, reviewed the information you have entered and selected Submit, you will receive a confirmation page with a confirmation number to let you know that your information has been successfully submitted.

You will receive an email from the Department within two business days from submission of your payment information. The email will contain the same confirmation number that is displayed on the confirmation page that you print for your records. This email will also contain a Document Locator Number. You should retain the email for your records and you should provide these numbers if you contact the Department for assistance with the payment.

Please contact the Electronic Services Help Line at 1-877-308-9103 if you do not receive a confirmation page or if you do not receive an email acknowledgment so that an agent can assist you in determining if your transaction was successfully submitted.

Is My Information Safe?

Safety measures are in place to protect your information. No one can read your tax information while it is being electronically filed. The web site and your data are secured with SSL (Secure Socket Layer) with at least 128-bit encryption.

Note:

The web browser must be configured to enable "per session cookies." In Internet Explorer, this can be set under the "Internet Options" menu option. For additional information on enabling the "per session cookies," please check the browser's documents/help. If you receive a message that 128-bit encryption is needed, you will need to download the 128-bit encryption for your browser. The 128-bit encryption is standard in the United States so the problem would normally apply to someone trying to access the application from outside the United States.

Who Can I Contact for Assistance?

For additional assistance, contact the Electronic Services Help Line Monday through Friday between the hours of 8:00 am and 5:00 pm EST at 1-877-308-9103.

Chapter 9 – Tax Fraud

The Department is asking you to help identify individuals or businesses that do not file or pay state taxes or who file fraudulent tax returns. In addition, there have been instances of fraud identified in the Federal/State e-File Program. EROs can assist NCDOR in identifying potentially fraudulent returns before the Department receives them.

Transmitting fraudulent returns is against North Carolina Administrative Code .0118 and can cause suspension from the e-File program.

If you have any information that you wish to provide, please contact our Tax Fraud Hotline Monday through Friday between 8:00 am and 5:00 pm at 1-800-232-4939. The information that you provide and the source of the information will be kept confidential. The NCDOR appreciates your help!

Chapter 10 – Helpful Reminders

- ✚ Clearly define in your software how to enter and submit an unlinked return.
- ✚ When required, Form NC-NA & Form NC-NPA must have a valid signature and attached to the submission as a PDF.
- ✚ Please respond in a timely manner when we make you aware of problems with your software.
- ✚ Please complete regression testing after making changes and corrections to your software packet during production.
- ✚ You must complete the Forms Testing process in order to get your software approved for paper filing.
- ✚ To assist in the ATS testing process, it may be helpful to have a person on staff that is familiar with tax law assisting the programmer.
- ✚ Acknowledgments should be sent to the transmitters on a timely basis.
- ✚ Federal and all other attachments should not be submitted as “Secured” documents.

APPENDIX

TAX RATE SCHEDULE FOR TAX YEAR 2014

Tax Rate for C- Corps: The franchise tax rate is \$1.50 per \$1,000.00 of capital stock, surplus, and undivided profits or other alternative tax schedule. The minimum franchise tax is \$35.00 with no maximum except for a qualified holding company. The corporate income tax rate is 6.0% of net income attributed to North Carolina.

Tax Rate for S-Corps: The franchise tax rate is \$1.50 per \$1,000.00 of capital stock, surplus and undivided profits or other alternative tax schedule. The minimum franchise tax is \$35.00 with no maximum except for a qualified holding company. The corporate income tax rate for composite filers is based on the current individual income tax rate.

NORTH CAROLINA COUNTY CODES

01 - Alamance	35 - Franklin	69 - Pamlico
02 - Alexander	36 - Gaston	70 - Pasquotank
03 - Alleghany	37 - Gates	71 - Pender
04 - Anson	38 - Graham	72 - Perquimans
05 - Ashe	39 - Granville	73 - Person
06 - Avery	40 - Greene	74 - Pitt
07 - Beaufort	41 - Guilford	75 - Polk
08 - Bertie	42 - Halifax	76 - Randolph
09 - Bladen	43 - Harnett	77 - Richmond
10 - Brunswick	44 - Haywood	78 - Robeson
11 - Buncombe	45 - Henderson	79 - Rockingham
12 - Burke	46 - Hertford	80 - Rowan
13 - Cabarrus	47 - Hoke	81 - Rutherford
14 - Caldwell	48 - Hyde	82 - Sampson
15 - Camden	49 - Iredell	83 - Scotland
16 - Carteret	50 - Jackson	84 - Stanly
17 - Caswell	51 - Johnston	85 - Stokes
18 - Catawba	52 - Jones	86 - Surry
19 - Chatham	53 - Lee	87 - Swain
20 - Cherokee	54 - Lenoir	88 - Transylvania
21 - Chowan	55 - Lincoln	89 - Tyrrell
22 - Clay	56 - Macon	90 - Union
23 - Cleveland	57 - Madison	91 - Vance
24 - Columbus	58 - Martin	92 - Wake
25 - Craven	59 - McDowell	93 - Warren
26 - Cumberland	60 - Mecklenburg	94 - Washington
27 - Currituck	61 - Mitchell	95 - Watauga
28 - Dare	62 - Montgomery	96 - Wayne
29 - Davidson	63 - Moore	97 - Wilkes
30 - Davie	64 - Nash	98 - Wilson
31 - Duplin	65 - New Hanover	99 - Yadkin
32 - Durham	66 - Northampton	100 - Yancey
33 - Edgecombe	67 - Onslow	
34 - Forsyth	68 - Orange	

NC DEPARTMENT OF REVENUE

HOLIDAY SCHEDULE

2015 Holiday Schedule		
Holiday	Observance Date	Day of Week
New Year's Day	January 1, 2015	Thursday
Martin Luther King Jr.'s Birthday	January 19, 2015	Monday
Good Friday	April 3, 2015	Friday
Memorial Day	May 25, 2015	Monday
Independence Day	July 3, 2015	Friday
Labor Day	September 7, 2015	Monday
Veteran's Day	November 11, 2015	Wednesday
Thanksgiving	November 26 & 27, 2015	Thursday & Friday
Christmas	December 23, 24 & 25, 2015	Wednesday, Thursday, Friday