

State of Arkansas
Department of Finance and Administration
Income Tax Administration



www.arkansas.gov/efile

Tax Year - 2009

Handbook for Electronic Filers
Of Individual Income Tax Returns
(Filing Season Beginning 01-01-2010)

REVISIONS

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INTRODUCTION

The State of Arkansas and the Internal Revenue Service continue to experience growth in the Fed-State E-File program. This coming processing year, the IRS is scheduled to introduce a new processing format for the Individual Income Tax program. They are developing a Modernized E-File Individual Income Tax processing system that is patterned after the Business Tax processing systems that currently offer Corporate and Partnership returns that can be filed electronically. The IRS is planning a phased in approach to this new format by allowing 1040 returns and approximately 20-25 schedules to be processed in the new format. As IRS continues their modernization and re-structuring, the State of Arkansas is continuing to upgrade the Electronic Filing program in order to be compatible with the new IRS changes. Tax Practitioners and Electronic Return Originators hopefully will not see any difference in the processing schedules as they currently exist. It is our goal to provide the best service possible to the Practitioners and ERO's in order for you to provide the best service possible to your clients.

The Electronic Filing program has experienced tremendous growth since we began with 49 returns electronically filed in 1995. The following charts represent this growth.

Tax Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
E-File	309,054	365,974	420,095	459,403	502,600	533,378	571,780	617,078	641,007
On-Line	25,141	42,728	54,812	58,960	76,707	87,112	104,724	131,412	150,639
Telefile	16,425	20,389	19,818	18,831	17,438	0	0	0	
Telefile - Internet	335	981	1,117	1,334	1,382	0	0	0	0
TOTALS	350,955	430,072	495,842	538,528	598,127	620,490	676,504	748,490	791,646

The Arkansas Electronic Filing Season for Tax Year 2009 will use the same testing dates and live dates as the IRS. Testing usually begins in November of each year and live transmissions will begin in early January. Arkansas will allow Fed-State Electronic Filing through October 15th.

Arkansas will once again participate in the "State Only Filing" that will be offered. This will allow returns that may be rejected on the State side to be re-transmitted once the error condition has been corrected. This will also allow State returns to be filed when a Federal return is not required. However, this is offered through an authorized ERO.

All IRS rules, regulations, and requirements governing tax preparers, transmitters, and electronic return originators put forth by the IRS are in effect for the State of Arkansas unless otherwise instructed by Arkansas procedures. Please note that IRS Publication 1345, Chapter 17 Fed-State Electronic Filing identifies the IRS procedures and requirements for Fed-State Filing.

If you have any questions about Arkansas E-File, please visit our website at:

www.arkansas.gov/efile

PREPARER ASSISTANCE

***THIS CONTACT INFORMATION IS FOR PREPARERS,
TRANSMITTERS AND ERO'S ONLY!***

DO NOT GIVE TO TAXPAYERS!

Technical Assistance

Dan Brown, E-File Manager

(501) 682-7070

Fax: (501) 682-7393

E-Mail Address: Dan.Brown@dfa.arkansas.gov

Caroline Glover, E-File Supervisor

(501) 682-7925

Fax: (501) 682-7393

E-Mail Address: Caroline.Glover@dfa.arkansas.gov

JoAnn Hill, E-File Service Representative

(501) 682-7075

Fax: (501) 682-7393

E-Mail Address: JoAnne.Hill@dfa.arkansas.gov

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(501) 682-7926

Fax: (501) 682-7393

E-Mail Address: Melissa.Golden@dfa.arkansas.gov

TAXPAYER ASSISTANCE

Taxpayers should be advised to confirm acknowledgment of their Arkansas return with their practitioners before calling the Tele-Tax Help line or Tax Hotline.

Phone:

- Tele-Tax Help line is available 24 hours a day. Taxpayers may inquire about the date their refunds will be issued.

AUTOMATED REFUND & TELE-TAX INFORMATION:

- Little Rock Area: (501) 682-0200
- Statewide: 1-800-438-1992
- The State of Arkansas Income Tele-Tax Helpline provides taxpayers with information about their refunds and general tax topics. Representatives are available to assist callers at the numbers below during normal business hours (Monday through Friday – 8:00 a.m. to 4:30 p.m. Central Time Zone):

INDIVIDUAL INCOME TAX HOTLINE:

- Little Rock Area: (501) 682-1100
- Statewide: 1-800-882-9275

Internet:

- Taxpayers can access the Department of Finance and Administrations website to check on the status of their refund at:

www.arkansas.gov/efile

Click on the link for “Income Tax Refund Inquiry for Individual Tax Returns”

- Taxpayers can e-mail questions to:

Individual.income@dfa.arkansas.gov

Mail:

- Taxpayers can mail their questions to:

**Individual Income Tax
P O. Box 3628
Little Rock, AR 72203-3628**

Forms:

- Forms may be obtained by calling the one of the above Individual Income Tax Hotline numbers or it may be downloaded from the Department of Finance and Administrations website at:

**www.arkansas.gov/dfa
2009 Handbook for Electronic Filers
Page 3
www.arkansas.gov/efile**

FEDERAL-STATE ELECTRONIC FILING

The State of Arkansas continues to offer Fed-State Electronic Filing to their taxpayers. Several States offer an Independent Electronic Filing program to their taxpayers. Fed-State Electronic Filing continues to be the fastest way to have tax returns processed by the IRS and the States that participate in this program. The State of Arkansas has extended the contract with Mountain EDI for Fed-State Electronic Filing in 2010, and is ready to offer this capability to taxpayers that are required to file an Arkansas return nationwide.

Tax preparers and transmitters accepted in the IRS E-File program can participate in the Fed-State program by filing both the Federal return and the Arkansas return in one transmission to the IRS Service Center in Austin, TX, using software accepted by both the IRS and the State of Arkansas. After acknowledging acceptance of the Federal return with state data to the transmitter, the IRS makes the state data available for retrieval by the State of Arkansas. After the state data has been retrieved by the State of Arkansas, it is processed through the State's computer processing system and a separate acknowledgment is created for the State return.

The State of Arkansas will participate in the Fed-State Acknowledgement system for 2009. All transmitters should retrieve their State Acknowledgments through the IRS. The transmitter should be able to retrieve the Arkansas acknowledgment within three days or less from the time he receives his Acknowledgment from the IRS. (Please see Transmitting the Arkansas Electronic Return in this Publication.)

Taxpayers can expect State of Arkansas refunds within ten (10) business days of the date of the Arkansas State Acknowledgment.

ARKANSAS ELECTRONIC FILING CALENDAR

TAX YEAR 2009

IRS/State Testing Begins	November 10, 2009
First Date for Transmitting Live Electronic Returns to IRS/AR Department of Finance & Administration	January 15, 2010
Arkansas Due Date.....	April 15, 2010
Last Date for Arkansas Returns	October 15, 2010

PUBLICATIONS

IRS Publications

Publication 1345	Handbook for Electronic Filers of Individual Income Tax Returns
Publication 1345-A	Supplement to Handbook for Electronic Filers of Individual Income Tax Returns
Publication 1346	Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns (Tax Year 2009)
Publication 1436	Test Package for Electronic Filing of Individual Income Tax Returns (Tax Year 2009)

State of Arkansas Publications

Publication AR1345	Arkansas Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 2009)
Publication AR1346	Arkansas Software Developer's Information Handbook (Tax Year 2009)
Publication AR1436	Arkansas Test Package (Tax Year 2009)

RESPONSIBILITIES OF ELECTRONIC FILERS/TRANSMITTERS/ERO'S

Electronic filers, transmitters, and return originators must abide by the terms set forth in the Arkansas Handbook and must maintain a high degree of integrity, compliance, and accuracy to continue participation in the Fed-State electronic Filing Program. They must also meet the following requirements:

COMPLIANCE

All electronic filers must comply with the requirements and specifications set forth in the IRS Publications 1345, 1345-A, and 1346; this Arkansas Handbook; and Arkansas Electronic Filing Information for Software Developers.

TIMELINESS OF FILING

Transmitters and electronic return originators must ensure that electronic returns, which are due by **April 15, 2010** are filed in a timely manner. The date of the IRS acknowledgment will be considered the filing date for an Arkansas return transmitted electronically.

Further, transmitters and electronic return originators must confirm acknowledgment of the State return by Arkansas' Department of Finance and Administration before considering the state return received.

DEADLINE FOR FILING

Arkansas' Department of Finance and Administration will accept electronically filed all Arkansas tax returns transmitted to the IRS Austin Service Center through **October 15, 2010**. Any Arkansas returns submitted after **October 15, 2010** must be filed as paper documents.

RESPONSIBILITY TO YOUR CLIENTS

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring that the return arrives at the Arkansas' Department of Finance and Administration. In the event that the electronic return fails to arrive at its destination, preparers must notify their clients to file a paper return.

APPLICATION PROCESS

All interested parties who wish to participate in the Arkansas Fed-State Program may do so if they meet the following requirements:

All Practitioners accepted by the IRS and in good standing for the electronic filing program do not have to submit any documentation unless requested from this office.

If you currently do not participate with IRS electronic filing but would like to, complete Federal Form 8633, Application to Participate in the Electronic Filing Program, and by accessing the following website:

www.irs.gov

All Arkansas Returns must be transmitted to the Kansas City Service Center.

Each Electronic Return Originator (ERO) MUST have an Electronic Filer Identification Number (EFIN). This is assigned by the IRS.

Please notify our office if you have any changes to your application form 8633. IRS requires that you have 30 days in order to contact the Andover Service Center to report these changes. The changes must be reported to the State of Arkansas at the above address within the same time frame.

IRS Publication 1345 specifies the application process and requirements for Federal participation. These requirements will apply for Arkansas electronic filing purposes under the Fed-State Program.

The IRS will provide a list of accepted Federal Electronic Filers with Arkansas locations to the State of Arkansas. Practitioners on this list of accepted Federal Electronic filers may file State Electronic returns, subject only to passing State suitability checks. All Electronic Filing software will have to be approved each year by the State of Arkansas E-File Unit.

APPROVED SOFTWARE

Each year, Software Companies are required to test with the State of Arkansas for accuracy and to ensure that their software adheres to Arkansas rules and to ensure successful transmission and receipt of acknowledgements. ERO's must use tax preparation software that has been approved by the State of Arkansas.

Please visit our website to see a list of software companies that are currently testing or have been approved. If the software you currently use or are considering is not on the list, please contact that software company to see if they are testing under another name or if they're interested in testing with Arkansas.

www.arkansas.gov/efile

ACCEPTANCE AND TESTING

Acceptance by the IRS for filing federal electronic returns qualifies you for participation in the Arkansas electronic filing program, pending completion of a State suitability check. No separate application form is necessary for Arkansas electronic filing.

The IRS requires notification of address changes, contact person changes, etc to be sent to the Andover Service Center within 30 days of the change in order to maintain updated information of the ERO. These changes are also required for the State of Arkansas. Please send any changes to your 8633 application form to:

**Electronic Filing Unit
P. O. Box 8094
Little Rock, AR 72203-8094**

FAX: (501) 682-7393

After the Arkansas Department of Finance and Administration conducts suitability checks on applicants accepted by the IRS for Arkansas Federal filing, the Department would authorize those that are eligible to participate in the Arkansas program. No notification will be sent to those who are accepted for Arkansas State Electronic filing. If you are not accepted because of the suitability check, this Office will notify you.

The State of Arkansas will use the Electronic Filer Identification Numbers (EFIN's) and Electronic Transmitter Identification Numbers (ETIN's) that are assigned by the IRS. The Andover Service Center assigns all EFIN's and ETIN's for the State of Arkansas.

All software developers are required to test their software with Arkansas test data. Only software that has been tested and accepted by the Arkansas Department of Finance and Administration may be used for Arkansas Electronic Filing.

Upon request, software developers will be provided software specifications and test materials with instructions. When these software developers have successfully completed testing with the IRS, they may begin Arkansas testing. The State of Arkansas will then retrieve the State Test Data from the IRS Austin Service Center, process, evaluate, and notify the software developers of results.

If at any time the IRS suspends your EFIN, you cannot participate in the Arkansas program until you can qualify to participate in the IRS program.

ARKANSAS ACKNOWLEDGEMENTS

All transmitters can retrieve Arkansas acknowledgments through the IRS.

Upon receipt of the State acknowledgment of an electronic Arkansas return, transmitters are required to notify their ERO's as to whether the return was Accepted or Rejected. If the return was rejected, the reject code must be provided to the ERO's.

An Arkansas accepted acknowledgment indicates that the return has been received and will be processed. The taxpayer should be advised to wait at least 10 business days from the date of acknowledgment before inquiring about his tax refund.

An Arkansas rejected acknowledgment indicates that the return has been rejected. The ERO must correct the return then either retransmit or a paper return filed.

Any questions concerning returns with errors will be directed to the taxpayer or his agent who has power of attorney on file for the year in question.

If you are not receiving your ACKS, please contact your software company. If the software company did not receive the ACKS, the software company must contact the E-File Group.

ARKANSAS ELECTRONIC RETURN

The State of Arkansas' electronic return consists of electronically transmitted data and supporting paper documents that must be mailed or delivered.

The following forms, schedules and worksheets may be transmitted electronically (electronic return):

AR1000	Arkansas Full Year Resident Form
AR1000N	Arkansas Non Resident Form
AR3	Arkansas Itemized Deductions Schedule
AR4	Arkansas Interest & Dividends Schedule
AR1000TD	Lump-Sum Distribution Averaging
AR2210	Arkansas Underestimate Penalty Schedule
AR1800	Arkansas Political Contribution Schedule
AR1075	Deduction for Tuition Paid to Post-Secondary Educational Institutions
AR1000CO	Schedule of Check-Off Contributions
AR1000D	Capital Gains Schedule
AR1000MS	Miscellaneous Statement
AR1000ADJ	Adjustment Schedule
AR1000OD	Organ Donor Deduction
AR1113	Phenylketonuria Disorder and Other Metabolic Disorders Credit
AR2210A	Annualized Penalty for Underestimate
AR3WS	Itemized Deductions Worksheet
ARSEWS	Self-Employed Health Insurance Deduction Worksheet
ARSLWS	Student Loan Interest Worksheet
ARPMI	Mortgage Insurance Premiums Worksheet

DOCUMENTS, WHICH MUST BE SUBMITTED TO THE STATE OF ARKANSAS

The AR8453 along with the following supporting forms and schedules of the Arkansas tax return must be completed in paper format and, or FAXED to E-File Unit **(501) 682-7393 (501) 682-7692**, or mailed or delivered to the State of Arkansas to the following address:

**E-File Unit
PO Box 8094
Little Rock, AR 72203-8094**

AR1000RC5 Developmentally Handicapped Child Certificate - This certificate must be submitted every 5 years or the first year the credit is taken. If it is time for a new certificate to be submitted, the taxpayer should receive a renewal letter from the State of Arkansas.

Other State Tax Returns When Other State Tax Credit is claimed on the AR1000F, please mail or FAX copies of the Other States Tax returns to the above address or phone number.

WHAT CANNOT BE TRANSMITTED ELECTRONICALLY

The following types of returns are excluded from electronic filing for tax year 2008:

- AR1000A – Amended or Corrected returns.
- Prior Year returns. Only the current year return can be filed electronically.
- AR1000S – Arkansas Short Form.
- Tax returns with Foreign Addresses or Foreign Income.
- Tax returns that have a different filing status from the Federal return. Exception: Those using Married Filing Joint or Married Filing Separately on the Same Return.
- Border City Exemption Adjustment.
- Business and Incentive Tax Credits.
- Early Childhood Program.

TRANSMITTING THE ARKANSAS ELECTRONIC RETURN

Since the Arkansas electronic return will be transmitted with the Federal return, the transmitter must comply with all electronic transmitting procedures, communications requirements, and technical specifications by the IRS, as defined in IRS Publication 1345.

Arkansas returns must be transmitted to the Kansas City Service Center.

NOTE: *Participants in the Fed-State Electronic Filing Program should confirm with their software developers or direct transmitters that the software can process and transmit the state data along with the federal data to the Kansas City Service Center.*

Questions or problems pertaining to acknowledgment status should be directed to your software provider.

CHANGES TO THE TRANSMITTED RETURN

Once the Arkansas State return has been accepted, changes to the return cannot be made prior to processing. Below are the instructions for:

- Address Changes
- Other Changes to the State Tax Return

ADDRESS CHANGE

Address changes must be made by the taxpayer(s) shown on the return. Tax preparers cannot make an address change for the taxpayer(s). Taxpayers may use one of the two options below to make an address change.

- Mail:
Income Tax Section
P. O. Box 3628,
Little Rock, AR 72203-3628
- Phone:
1-800-882-9275 (Toll Free Statewide)
Or
501-682-1100.

OTHER CHANGES TO THE STATE TAX RETURN

If the transmitter or taxpayer wishes to make any changes after the return has been accepted and acknowledged, **the taxpayer must file an Amended Return (AR1000A or AR1000ANR) through the paper document process.**

The amended return (AR1000A/AR1000NR) is to be mailed to:

Amended Tax Section
P. O. Box 3628
Little Rock, AR 72203-3628

The tax practitioner should have his client ensure that the original return has been processed before filing the amended return.

ARKANSAS INDIVIDUAL E-FILE RETURN REJECT INFORMATION

Arkansas will reject E-Filed returns for specific reasons. Tax returns with the below criteria cannot be electronically filed. The return must be filed by paper and mailed to the proper address shown below.

Returns that require special forms that is not eligible for E-File. These forms include:

- Border City Exemption Certificate (Form AR-TX)
- Early Childhood Credit form (AR1000EC)
- Business and Incentive Tax Credits (AR1000BIC)

If the return is electronically filed with or as one of the items listed below, the return will be rejected.

- Internet filed NonResident Returns
- Internet Filed State Only Returns
- Foreign Income Exclusion
- Foreign Address Returns

Due to the availability of filing a “State Only” return, these edits have become necessary to implement into our processing system. A complete listing of the Reject Codes is provided on the following pages.

PAPER RETURNS

Arkansas paper returns must be mailed to the appropriate address:

REFUND RETURNS	TAX DUE RETURNS	NO TAX DUE RETURNS
Arkansas Income Tax P. O. Box 1000 Little Rock, AR 72203-1000	Arkansas Income Tax P. O. Box 2144 Little Rock, AR 72203-2144	Arkansas Income Tax P. O. Box 8026 Little Rock, AR 72203-8026

2009 Arkansas Reject Codes

Code	Form	Message
0001	AR1000 AR1000N	Duplicate Return. An electronically filed return has previously been filed.
0002	AR1000 AR1000N	No Federal Tax Return attached to State return.
0003	AR1000 AR1000N	Missing Form: W-2's were not included with State return. (RE: Line 8A or Line 8B or Line 8C or Line 9A or Line 9B or Line 9C)
0004	AR1000 AR1000N	Missing Form: 1099R's were not included with State return. (RE: Line 17A or Line 17B or Line 17C or Line 18A or Line 18B or Line 18C)
0005	AR1000 AR1000N	Missing Form: W-2G's were not included with State return. (RE: Federal 1040 Line 21)
0006	AR1000 AR1000N	On-Line Filed Return not allowed for State Only Filing.
0007	AR1000 AR1000N	A return claiming Foreign Income Exclusion (Form 2555) cannot be filed electronically with the State of Arkansas.
0008	AR1000 AR1000N	A return with a Foreign Address cannot be filed electronically with the State of Arkansas.
0009	AR1000 AR1000N	RESERVED.
0010	AR1000N	The Non Resident return (AR1000N) cannot be filed as "State Only" or "On-Line Filed" Return.
0011	AR1000N	Missing Form: Schedule ARNR was not included in the unformatted record.
0012	AR1000N	This Non Resident return (AR1000N) cannot be electronically filed. (RE: Line 22C)
0013	AR1000N	The Non Resident return (AR1000N) cannot be electronically filed if Arkansas Proration Percentage is 0%. (RE: Line 44C) Special Characters CANNOT be used!
0014	AR1000 AR1000N	Return has been rejected and cannot be refiled electronically. A paper return must be mailed.

2009 Arkansas Reject Codes

Code	Form	Message
0015	AR1000 AR1000N	Missing required information for Filing Status: Name, SSN, Dependant Name, or Deceased Year.
0016	AR1000 AR1000N	State Filing Status must match Federal Filing Status. Exception: Federal Filing Status 2 must equal State Filing Status 2 or 4.
0017	AR1000 AR1000N	If Filing Status is 1, 2, 3, 5 or 6 then no values can be entered for Column B.
0018	AR1000 AR1000N	If Filing Status is 1, 2, 3, or 6 & Tax Table is 10 then line 29A must be zero.
0019	AR1000 AR1000N	If Filing Status is 1, 3, 5 or 6 & Tax Table is 20 (Standard Deduction) then line 29A must be less than or equal to \$2,000. If Filing Status is 2 & Tax Table is 20 (Standard Deduction) then line 29A must be less than or equal to \$4,000. If Filing Status is 4 and Tax Table is 20 (Standard Deduction) then 29A and 29B must be less than or equal to \$2,000 each.
0020	AR1000 AR1000N	If Filing Status is 4 or 5 then Low Income Tax Table cannot be used.
0021	AR1000 AR1000N	If Filing Status is 4 then line 30A and 30B must be greater than zero.
0022	AR1000 AR1000N	If Filing Status is 1, 2, 3, 5 or 6 & Tax Table is 30, Line 29A must be greater than zero. If Filing Status is 4 & Tax Table is 30, both line 29A and 29B must be greater than zero.
0023	AR1000 AR1000N	65 Special Credit does not qualify when claiming the \$6,000 exemption for Retirement.
0024	AR1000 AR1000N	Personal Tax Credits are incorrect. (RE: Line 7A)
0025	AR1000 AR1000N	Number or Name of Dependent(s) missing. (RE: Line 7B)
0026	AR1000 AR1000N	Number or Name of Developmentally Disabled Dependents missing. (RE: Line 7C)
0027	AR1000 AR1000N	Total Personal Tax Credits shown on Line 7D and Line 36 must match.
0028	AR1000 AR1000N	If the Military or Retirement exclusion is claimed, then Low Income Tax Table cannot be used. Tax Table must equal Tax Table 20 (Standard Deduction) or Tax Table 30 (Itemized Deduction).

2009 Arkansas Reject Codes

Code	Form	Message
0029	AR1000 AR1000N	Missing Form: Schedule AR4 not included with return. (RE: Line 11 or Line 12 or Line 11C or Line 12C)
0030	AR1000 AR1000N	Missing Form: Federal Schedule C not included with return. (RE: Line 14 or Line 14C)
0031	AR1000 AR1000N	Missing Form: Schedule AR1000D or Federal Schedule D is not included with return. (RE: Line 15 or Line 15C)
0032	AR1000 AR1000N	Missing Form: Federal Schedule 4797 or Schedule 4684 not included with return. (RE: Line 16 or Line 16C)
0033	AR1000 AR1000N	Missing Form: Federal Schedule E not included with return. (RE: Line 19 or Line 19C)
0034	AR1000 AR1000N	Missing Form: Federal Schedule F not included with return. (RE: Line 20 or Line 20C)
0035	AR1000 AR1000N	Intergenerational Trust Adjustment cannot exceed \$4,000.00 per return. (RE: AR1000ADJ, Line 5)
0036	AR1000 AR1000N	Missing Form: Federal Schedule 3903 not included with return. (RE: AR1000ADJ, Line 6)
0037	AR1000 AR1000N	Texarkana Exemption Schedule AR-TX cannot be filed electronically. (RE: Line 23 or Line 23C)
0038	AR1000 AR1000N	Adjusted Gross Income is incorrect. (RE: Line 27A or Line 27B or Line 27C)
0039	AR1000 AR1000N	Invalid Tax Table passed or Itemized Deduction Indicator not passed. (RE: Line 29)
0040	AR1000 AR1000N	Missing Form: Schedule AR3 not included with return. (RE: Line 29)
0041	AR1000 AR1000N	Missing Form: Schedule AR1000TD not included with return. (RE: Line 33)
0042	AR1000 AR1000N	Missing Form: Schedule AR1800 not included with return. (RE: Line 37)
0043	AR1000 AR1000N	Missing Form: Federal Schedule 2441 not included with return. (RE: Line 39)

2009 Arkansas Reject Codes

Code	Form	Message
0044	AR1000 AR1000N	Child Care Credit cannot exceed 20% of the Federal Schedule 2441, Line 11. (RE: Line 39)
0045	AR1000 AR1000N	Tax Deferred Tuition Savings cannot exceed \$5,000.00 per taxpayer. (RE: AR1000, Line 24)
0046	AR1000 AR1000N	Missing Form: Federal Schedule 8839 not included with return OR Adoption Credit cannot exceed 20% of amount allowed on Line 54, Form 1040. (RE: Line 40)
0047	AR1000 AR1000N	Missing Form: AR1113 not included with return. (RE: Line 41)
0048	AR1000 AR1000N	Business & Incentive Credits cannot be filed electronically. (RE: Line 42)
0049	AR1000 AR1000N	No value passed for total credits. (RE: Line 43)
0050	AR1000 AR1000N	Early Childhood Credit cannot be filed electronically. (RE: Line 48)
0051	AR1000 AR1000N	Missing Form: Schedule AR1000CO not included with return. (RE: Line 52)
0052	AR1000 AR1000N	Missing Form: Schedule AR2210 not included with return. (RE: Line 55A or Line 55B)
0053	AR1000 AR1000N	Federal Filing Status must be included in the electronic record.
0054	AR1000 AR1000N	Missing Form: Schedule AR1075 not included with return. (RE: AR3 Line 20)
0055	AR1000 AR1000N	Invalid Deduction Amount. (RE: Line 29A or Line 29B)
0056	AR1000 AR1000N	Both Primary and Spouse must have same residency for Filing Status 2 or 4.
0057	AR1000 AR1000N	Missing Form: Schedule AR1000ADJ not included with return. (RE: Line 25A or Line 25B or Line 25C)
0058	AR1000 AR1000N	Spouse Name and SSN cannot be present for Filing Status 1, 3, or 6.

2009 Arkansas Reject Codes

Code	Form	Message
0059	AR1000 AR1000N	Missing Form: Schedule AR1000OD not included with return. (RE: AR1000ADJ, Line 12A or Line 12B or Line 12C)
0060	AR1000 AR1000N	Missing Form: Federal Schedule 4952 not included with return. (RE: AR3, Line 11)
0061	AR1000 AR1000N	Missing Form: Federal Schedule 4684 not included with return. (RE: AR3, Line 19)
0062	AR1000 AR1000N	Missing Form: Federal Schedule 2106 not included with return. (RE: AR3, Line 21)
0063	AR1000 AR1000N	The first byte in the name field cannot be a space.
0064	AR1000 AR1000N	Filing Status 1, 2, 3 & 6, Capital Loss cannot exceed \$3,000.00. Filing Status 5, Capital Loss cannot exceed \$1,500.00. Filing Status 4, Capital Loss cannot exceed \$3,000.00. Primary <u>OR</u> Spouse cannot exceed \$3,000.00. (RE: Line 15A or Line 15B or Line 15C)
0065	AR1000 AR1000N	AR1000ADJ incomplete. (RE: ADJ, Lines 1 to 12, Columns A and/or B or C)
0066	AR1000 AR1000N	Total Itemized Deductions not limited. (RE: AR3, Line 28)
0067	AR1000 AR1000N	Adjusted Gross Income, Line 28 does not qualify for Low Income Tax Table.
0068	AR1000 AR1000N	Filing Status 1 or 3 Spouse Name or SSN cannot be present.
0069	AR1000 AR1000N	Missing Indicator: Free File Alliance or Return prepared free of charge not passed. (RE: Field 0305o or 0305p)
0070	AR1000 AR1000N	Missing: Software Developer Code (RE: Field 0300a)
0071	AR1000 AR1000N	Missing: Paid Preparer Name, Non-Paid Preparer Name or Phone Number (RE: Field 0300b or 0300d or 0300c)
0072	AR1000 AR1000N	Missing: Disaster Assistance Indicator not passed. (RE: Field 0305x)

2009 Arkansas Reject Codes

Code	Form	Message
0073	AR1000 AR1000N	Invalid Filing Status. Filing Status must be 1, 2, 3, 4, 5 or 6. (RE: Field 0305e)
0074	AR1000ADJ	Disabled Individual adjustment was calculated incorrectly. The amount for a qualified dependent is \$500. This adjustment is for DEPENDENTS ONLY. Taxpayer or Spouse does not qualify for this adjustment. (RE: Field 0260 and/or 0265)
0075	AR1000 AR1000N	Taxpayer ineligible to file electronically. The AR8453-OL along with required documents has not been received for a previous year.
0076	AR1000 AR1000N	RAC/RAL indicator not passed. (RE: Field 0305y)
0077	AR1000 AR1000N	Due Diligence Question for Foreign Bank not passed OR direct deposit cannot be sent to a foreign banking institution.
0078	AR1000 AR1000N	Missing Form: Schedule AR2210A not included with return. (RE: Line 55A)
0079	AR1000CO	Missing Account Type or Account Number (RE: Line 9)
0080	AR1000 AR1000N	Missing Military Home of Record for Taxpayer and/or Spouse. (RE: Field 0315d and/or Field 0315e)
0081	AR1000 AR1000N	Military Spouses Residency and Relief Act value not passed. (RE: Field 0315f)

REFUND RETURNS

Taxpayers that electronically file a refund return may elect to have four (4) options to choose from.

- Applied to the next year's estimated tax
- All or a portion applied to one of the Check-Offs on the AR1000-CO
- Refunded to them in the form of a refund check
- Direct Deposit

CHECK-OFF CONTRIBUTIONS

Taxpayers can choose to have all or a portion of their refund applied to one of nine (9) listed check-off contributions on the AR1000-CO. The AR1000-CO must be completed as part of the electronic record. If the taxpayer chooses to have a portion of the refund applied to check-off contribution(s), the remaining overpayment can be mailed or direct deposited.

DIRECT DEPOSIT

Direct deposit offers taxpayers a quick and convenient way to receive their refunds. It reduces the risk of loss and allows immediate use of the funds upon deposit.

- Direct Deposit is only available on Electronically Filed returns.
- The account used in the direct deposit must match the same account used for the Federal Direct Deposit. **The State and Federal routing and account number must be exact.**
- Arkansas does not offer the option of depositing the State refund into more than one account.

CONFIRM BANK ACCOUNT AND ROUTING NUMBERS WITH THE TAXPAYER.

If a direct deposit is returned due to an incorrect routing or account number, a paper check will be mailed to the taxpayer once the direct deposit is returned from the bank. The refund cannot be direct deposited with the corrected information.

Taxpayers should first confirm acknowledgment of their Arkansas return with their practitioner or transmitter. Tax preparers should wait at least 10 business days from the date of acknowledgment before contacting the Arkansas E-File Group about their refund.

Taxpayers should receive their refund within 7 to 10 business days from the date of acknowledgement.

BALANCE DUE RETURNS

Balance due returns are due must be filed and paid on or before April 15th. If April 15th falls on a Saturday, Sunday or legal holiday, the payment will be considered timely filed if it is postmarked on the next succeeding business day which is not a Saturday, Sunday, or legal holiday.

A penalty of one percent (1%) per month for failure to pay and five percent (5%) per month for failure to file, a maximum of thirty-five percent (35%) will be assessed on the amount of tax due. Interest of ten percent (10%) per year will also be assessed on any additional tax due, calculated from the original due date to the date the tax due is paid.

Taxpayers that electronically file a balance due return have two options when making a payment.

- Payment with the AR1000V
- Credit Card Payment

ARKANSAS DOES NOT ALLOW DIRECT DEBIT

AR1000V

Taxpayers that elect to mail their payment must attach the completed AR1000-V. Taxpayers must not mail or attach the AR1000/AR1000NR or any W-2's and/or 1099's to their payment and AR1000-V. **If the AR1000/AR1000N and/or any W-2's or 1099's are attached to the payment, this will cause the taxpayer to receive a billing for their electronically filed return.**

- Taxpayers may pay with check or money order.
- Taxpayer should NEVER send cash.
- Primary Social Security number should be on the check or money order.
- Check or Money order made payable to: Department of Finance and Administration

The payment along with the AR1000-V should be mailed to:

State Income Tax – ELF Payment
P. O. Box 8149
Little Rock, AR 72203-8149

Credit Card Payment

Taxpayers can pay their tax due by credit card. Credit card payments can be made either by phone or website. A convenience fell will be charged for this payment method.

- 1-800-272-9829
- www.officialpayments.com

Official Payments accepts: Visa, American Express, Discover and MasterCard.

AR1000-V

Instructions for Making Tax Due Payments for State of Arkansas Electronic Filing

Taxpayers who electronically file their Arkansas Individual Income Tax returns can now file balance due returns through the Federal-State Electronic Filing Program. The taxpayer can either send payment when the return is transmitted or anytime on or before April 15, 2010. The voucher below (Form AR1000 V) must be submitted with payment. A billing notice will be mailed to the taxpayer if payment has not been received by April 15, 2010. Payments postmarked after April 15th will be subject to late payment penalties and interest. (If April 15th falls on a Saturday, Sunday, or legal holiday, the payment will be considered timely filed if it is postmarked on the next succeeding business day which is not a Saturday, Sunday, or legal holiday.)

Note: This voucher is to be used only if you electronically filed your tax return.

Make check payable to “**Dept. of Finance and Administration**” and mail on or **before April 15th, 2010** to:

State Income Tax - ELF Payment
P.O. Box 8149
Little Rock, AR 72203-8149

NOTE: DO NOT send AR1000 or AR1000NR with this payment voucher (AR1000V).

↓ You must cut along the dotted line or the processing of your payment will be delayed. ↓

AR1000V

(R 9/17/09)

E-FILE PAYMENT VOUCHER

2009

1115

This payment voucher can only be used if your return was filed electronically.

Your Social Security Number		Spouse's Social Security Number (if applicable)		Due Date	FOR DEPT. USE ONLY REF ID
<input type="text"/>		<input type="text"/>		<input type="text" value="04/15/10"/>	<input type="text"/>
First	MI	Last			
Primary Name	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Spouse Name	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Address	<input type="text"/>				
City, State, Zip	<input type="text"/>				
Telephone #	<input type="text"/>				
				Amount of this Payment	\$ <input type="text"/>
					Include Cents (ex. 1,234,567.89)

00 - [] - [] - 0

AR8453

ARKANSAS INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING

2009

Form with fields: First Name and Initial, Last Name(s), Your Social Security Number, Mailing Address, Spouse's Social Security Number, City, State, and Zip Code, Telephone Number.

PART 1 TAX RETURN INFORMATION (Whole Dollars Only)

Table with 3 columns: Line number, Description (Total Income, Net Tax, State Income Tax Withheld, Refund, Tax Due), and Amount (00).

PART 2 DECLARATION OF TAXPAYER

Form with checkboxes and fields for direct deposit: 6a. I consent that my refund be directly deposited... 6b. I do not want direct deposit of my refund or I am not receiving a refund.

If I have filed a balance due return, I understand that if the state of Arkansas does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties.

Under the penalties of perjury, I declare that the information I have given my ERO and the amounts in Part I above agree with the amounts on the corresponding lines of the electronic portion of my 2009 Arkansas income tax return.

Sign Here Your Signature Date Spouse's Signature Date

PART 3 DECLARATION OF ELECTRONIC RETURN ORIGINATOR (ERO) AND PAID PREPARER

I declare that I have reviewed the above taxpayer's return and that the entries on Form AR8453 are complete and correct to the best of my knowledge.

Form for ERO: ERO'S Use Only. Fields for Signature, Date, Check if paid/preparer, Check if self-employed, Your SSN or PTIN, Firm's name and address, FEIN.

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

Form for Paid Preparer: Paid Preparer's Use Only. Fields for Signature, Date, Check if self-employed, Preparer's SSN or PTIN, Firm's name and address, FEIN.

DO NOT MAIL THIS FORM

FORM AR8453

Taxpayers **must sign** the completed AR8453. Arkansas law requires the taxpayer to sign his/her Individual Income Tax return in order to have a valid return on file. Arkansas does not accept PIN's or electronic signatures as a placement signature; therefore the AR8453 is the legal means of a valid signature by a taxpayer for their electronically filed Arkansas return.

IRS DCN Enter the Federal DCN in the appropriate boxes at the top left hand portion of the return.

Mailing Label If the taxpayer received a mailing label from Arkansas Income Tax, please attach the label to the name/address portion of the AR8453. Any necessary changes may be made on the label.

PART 1 Tax Return Information:
Enter the necessary information from the AR1000. Use whole dollar amounts.

PART 2 Declaration of Taxpayer:
After the return has been prepared and before the return has been transmitted, the taxpayer (and spouse, if joint) must verify the information on the return and the AR8453 and sign and date the AR8453. The preparer/transmitter must provide the taxpayer with copies of the return and the AR8453.

Preparers and ERO's are prohibited from allowing taxpayers to sign blank AR8453's.

PART 3 Declaration of ERO and Paid Preparer:
ERO's and Paid Preparers are required to complete all information requested in Part 3 of the AR8453.

ATTACHMENTS TO AR8453

1. State copies of Forms W-2 (*Attach to front of AR8453*).
2. State copies of Form 1099R (*Attach to front of AR8453*).
3. Schedules/Statements explaining tax differences between Arkansas and IRS.
4. Documents requiring signatures, if applicable.

AR8453 MAILING REQUIREMENTS

Effective January 1, 2000 and for future years, Electronic Filers, Transmitters, and Electronic Return Originators must retain all signed AR8453 forms with all required schedules, attachments and information for the current tax year plus an additional two years.

However, if the taxpayer is claiming one of the credits listed below, the AR8453 along with the document shown in parentheses must be faxed to: (501) 682-7393 or (501) 682-7692.

Exceptions:

- Developmentally Disabled Credit (AR1000RC5 or Renewal Letter)
- Other State Tax Credit (All other state tax returns)

Please do not send any other documents to the state of Arkansas unless requested by a Taxpayer Service Representative.

REGULATION FOR AR8453

The following is the regulation for retention of form AR8453 by preparers for 1999 and future tax years. Regulation 2000-2 was adopted pursuant to Arkansas Code Ann. 26-51-806. A copy of this Regulation is posted on the State of Arkansas DFA e-file web site. The Web site address is:

www.arkansas.gov/efile

2000-2. EMERGENCY REGULATION - FILING ELECTRONIC RETURNS (2/2000)

This regulation is adopted as an emergency regulation to administer the process of filing electronic returns. Pursuant to Ark. Code Ann. § 26-51-806, the Director of the Department of Finance and Administration has the authority to prescribe the form by which income tax returns are filed. These regulations are needed to clarify the procedures for electronic return originators and taxpayers filing and retaining taxpayer signature documents and supporting documentation associated with the electronic filing of individual tax returns. The Director of the Department of Finance and Administration and the Commissioner of Revenue promulgate this regulation pursuant to the authority set out in Ark. Code Ann. § 26-18-301.

(1) Definitions

- (A) AR8453 is defined as a paper document used to satisfy signature requirements for electronically filed income tax returns submitted to the State of Arkansas by an Electronic Return Originator (ERO).
- (B) ERO or Electronic Return Originator is defined as a third party that transmits a tax return electronically on behalf of a taxpayer. An ERO must be approved by the Internal Revenue Service to qualify for this program.
- (C) Taxpayer is any person(s) required to file a State of Arkansas Individual Tax Return.
- (D) Annual Wage Forms are original forms W-2 and 1099 submitted by the taxpayer to the ERO, which are used to compute their Individual Income Tax returns.
- (E) Supporting Forms or Schedules are paper forms that require a signature and thus cannot be filed electronically.

- (F) AR8453OL is a paper document used to satisfy signature requirements for electronically filed income tax returns submitted to the State of Arkansas by the taxpayer using an Internet based filing service or direct dialup software.
- (G) E-File Section is the Electronic Filing Section for the State of Arkansas responsible for the processing of electronically filed income tax returns.

(2) General Procedures for Form AR8453

- (A) The taxpayer and ERO are required to verify that the taxpayer's name, address, social security number, and tax return information in the electronic transmission is identical to the information on the form AR8453, before the electronic return data is transmitted to the Internal Revenue Service Center.
- (B) Once both the ERO and the taxpayer(s) have verified the information and they have determined that the information is correct, they must sign the form AR 8453. Both taxpayer signatures are required on a joint return prior to the electronic transmission of the return.
- (C) The ERO must provide the taxpayer with a copy of form AR8453, annual wage forms and a paper copy of Form AR1000 showing the electronic data transmitted to the Internal Revenue Service Center.

(3) Retention of Form AR8453

- (A) ERO's are responsible for retaining the original form(s) AR8453, the state copy of the original annual wage forms submitted by the taxpayer, and any other non-electronic supporting forms or schedules at their place of business for three (3) years from the due date of the return. Reproduction of the annual wage forms created by the ERO's tax preparation software is not acceptable.
- (B) ERO's are required to produce the original signed form AR8453, annual wage forms and any other supporting forms or schedules upon request from the State of Arkansas's representative for compliance and examination purposes. Any ERO that fails to retain the required records may be suspended from the Arkansas E-file Program.
- (C) The form(s) AR8453 are not to be submitted to the State of Arkansas unless specifically requested or otherwise stated in this policy.

(4) When to submit Form AR8453 to the State of Arkansas

- (A) ERO's will submit a copy of the form AR8453 along with supporting forms and schedules that cannot be submitted electronically. A list of schedules

required to be sent in are listed in the publication. These forms should be submitted to the E-File Section within 24 hours of receiving the State acknowledgment of receipt of the electronically filed tax return.

(5) ERO's that cease doing business must notify the E-File Branch within 30 days of the date that they cease doing business. ERO's who cease doing business will be required to forward all retained AR8453 documents to the E-File Branch. ERO's should contact the E-file branch prior to submitting the documents for proper documentation and procedures for the submission of prior year forms.

(6) Procedure for Form AR 8453 OL

- (A) Taxpayers who prepare their own returns and file their State of Arkansas tax returns electronically are required to complete and sign form AR8453OL and attach annual wage forms along with any other supporting forms and schedules and mail to the Arkansas E-File Section. This form is required to be sent to the E-File Section within 24 hours of receiving the State acknowledgment of receipt of the electronically filed tax return.
- (B) A taxpayer who fails to submit proper documentation timely may be declared to be ineligible to file electronic returns without the assistance of an ERO by the Commissioner of the Department of Revenue or his designee.

(7) This regulation will apply to all electronically filed Individual Income Tax returns filed on or after January 1, 2000.

§ 26-51-816. Signature document.

- (a) The Director of the Department of Finance and Administration shall have the authority to require the originator, transmitter, or paid preparer of an electronically filed Arkansas income tax return to retain the signature document, AR8453, as well as all other forms and schedules which support the return.
- (b) Supporting forms and schedules which should be attached to the signature document include, but are not limited to, the following:
 - (1) Form W-2;
 - (2) Form 1099;
 - (3) Form AR1000EC;
 - (4) Form AR1000DC;

- (5) Form AR1000RC5; and
 - (6) Any other documents or schedules that require the taxpayer's signature.
- (c) The signature document and all supporting documents for an electronically filed Arkansas return must be made available for inspection by the director upon the director's request.
- (d) The director is empowered to promulgate rules and regulations for the proper enforcement of this section.

History. Acts 1999, No. 1132, § 7.

GLOSSARY

- DCN** Document Control Number. A unique number assigned by the ERO and used on the Federal Form 8453 and AR8453 for the taxpayer. The DCN must contain the EFIN of the electronic filer who prepared the return or collected the return. The tax preparation software usually generates the DCN.
- EFIN** Electronic Filing Identification Number. A unique number assigned by the IRS Service Center when an Application Form 8633 is received. It is based on the District Office that serves the area where the applicant is located. This number is used in the construction of the DCN.
- ERO** Electronic Return Originator. A person or organization that deals directly with the taxpayers regarding the transmission of their electronic tax returns. An ERO may or may not be a preparer.
- ETIN** Electronic Transmitter Identification Number. A unique number assigned by the IRS Service Center where the transmissions will be sent. It allows access to the IRS Data Communications Subsystem and indicates the identity of the Transmitter.