

\*\*\*\*\* DRAFT \*\*\*\*\*

# Substitute Forms Standards For All Tax Types

September 8, 2004

**These standards are created to help communication  
between the software industry and state agencies.**

## Forms Submitted and Approvals

**1. *Substitute forms approvals are submitted within the timeline established by the state.***

From the date the state releases the final forms, software companies should make every effort to submit forms to the state within four weeks. This will vary, because each state will release their forms at different times. Four weeks should allow ample time for software companies to reproduce the forms.

**2. *Substitute forms are proofread prior to submission to the state.***

Software companies **must** proofread their forms before submitting for approval. Having no typographical errors is preferred, but an occasional error is understandable.

**3. *Substitute forms incorporate all annual corrections prior to submission.***

Software companies **must** ensure annual changes are incorporated in the forms before submitting for approval. Draft forms **must** not be submitted for approval, unless allowed by the state. Draft forms are released to help software companies get a head start on the forms development. Developers need to incorporate all changes that were made during the year. (Example: year changes, verbiage changes, lines added / deleted, line references, etc.)

**4. *Substitute forms are first submitted on paper or via e-mail, as specified by state.***

As a general rule, the first submits for forms should be on paper. Resubmitted forms may be submitted as PDF, fax, etc. This will vary from state to state; some states accept PDF as a first submit. Faxes, as a general rule, should be used for resubmits only. Scannable forms should always be submitted as paper, unless otherwise indicated by the state.

**5. *Scannable forms are submitted on paper or via e-mail, as specified by state.***

Vouchers, scan band, 2-D barcode returns, etc. should be submitted on paper, unless otherwise specified by the state. For testing purposes, paper copies allow for more accurate testing.

**6. *Resubmitted forms incorporate all changes requested by the state. The number of resubmissions should be kept to a minimum.***

Resubmitted forms **must** incorporate all the changes requested by the state. Taking the time to proof the forms before resubmitting them will reduce the number of times the forms need to be resubmitted. Software companies should ensure the changes made did not alter the placement of any other data on the form before resubmitting.

**7. *Resubmitted forms are done in a timely manner.***

Software companies **must** resubmit forms within 10 days after receiving the changes from the state.

**8. *Substitute forms are submitted according to the requirements of the state (number of copies; test data; dummy data; cut or uncut).***

States require a certain number of forms for testing. The software companies should provide the state with the requested number of copies of forms. If the state **requires** test data, the state **must** provide the test data and the software company needs to submit the forms with the test data as specified. If a state requests vouchers to be cut, the software company should cut the voucher for quicker testing. If the state requires that all data be populated for test submittals, the software company should comply with this request.

**9. *Data matches from form/schedule to fields captured.***

**a) Data **must** agree from schedule to schedule.** (Example: Data from Schedule X that is carried over to Form Y **must** match. If Schedule X, Line 23 data is \$100 and it is carried over to Form Y, Line 34, this information **must** be \$100.)

**b) Data printed on the form **must** be the same data captured in 2-D barcode or scan band.** (Example: Data printed on Form Y **must** be the same as what is captured in the barcode or scan band. If data on Form Y, Line 12 is \$55, then the data captured in the corresponding barcode/scan band field **must** be \$55.)

**c) If the data field is an alpha field, the data must be alpha. If the data field is a numeric field, the data must be numeric.**

**10. *Test data is generated using the current version of software.***

Software companies must use the current version of their software when submitting test data for approval.

**11. *Software companies complete and submit letter of intent/agreement, if required by the state.***

If a state requires a letter of intent/agreement to be submitted annually, software companies should comply with their request. This may not apply to all states.

**12. *Software companies provide the state with a list of tax forms that will be supported by their software.***

If a state requests a list of tax forms that will be supported by the software company, the software company should provide the state with a list. Not all states request this information.

**13. *Software companies may submit forms for approval as they are completed.***

Software companies may submit forms for approval as they are completed and do not need to wait until all their forms are finished. This allows the states to level out their work by receiving several smaller submissions instead of one large submission.

Some states require all forms for each tax type to be submitted at one time. If a state requires all forms be submitted at one time, software companies should comply with the state's request.

**14. *Software companies submit a detailed listing of the forms for which they are requesting approval, along with the forms. (Approval sheet)***

This listing should provide the name of the company, phone, fax and email information for the software company contact, as well as places to mark whether the form is approved, rejected, comments, etc., and a place for the state contact to sign and date.

**15. *Software companies take responsibility for checking the calculations within their software.***

It is the responsibility of the software company to ensure the calculations are correct in their software.

## **Forms Design**

**1. *Software companies **must** adhere to the NACTP standards (1/2" margins, penny lines, etc.).***

The NACTP standards **must** be followed. If there are situations where states/software companies cannot comply with the "standards" that the NACTP has written, these issues should be brought to the NACTP's attention.

**2. *Software companies adhere to the instructions/guidelines established and published by the state.***

If the state publishes instructions/guidelines for the software companies, they should make every effort to comply with the state's requirements. Some states have limitations and certain requirements that need to be followed. Example: OCR-A font is required by several states due to the scanning equipment. Data fields should match the state's

requirements. Example: If a field requires numeric values, then only numeric values should be allowed in that field. If a field requires alpha characters, then only alpha characters should be allowed in that field. Software companies should make every effort to prevent users from overriding edits to enter invalid data. (Example: parenthesis, alpha in numeric fields, and slashes)

If the state's specifications require a "constant" value in a certain field, no entry should be allowed in that field. Example: **Document Type** (XXXX) would be constant—this would not change from year to year. **Year:** (2004) would be constant, unless you are using a prior year's return. Social Security Number: (999-99-9999) would be taxpayer specific—this information would change.

3. ***Software companies print their vendor ID where required by the state.***

If the state requires a vendor ID to be printed on the form, the software company should comply with the request. This may not apply to all states.

4. ***Software companies accurately reproduce state returns. Instructions printed on the state forms should also be included on the substitute form, if required.***

If a state requires instructions to be printed on their form, software companies should reproduce the form with instructions. Most states are fine with the instructions being included in the software, and do not require them to be printed on the form. Text on the forms should not be altered without prior approval.

5. ***Software companies use abbreviations for text identified by NACTP standards, or those requested by the state.***

If there is room on the form to spell the words out, that is preferable, but if there are space limitations on the form, software companies **must** follow the abbreviations established by the NACTP.

6. ***Software companies only support one version of each form for the state.***

Software companies should reproduce and support only one version of each form. The state should have only one version of the form posted. Example: A state may have a "printed" version of Form 1040 that is used in the tax book, but the state only posts the 2-D barcode version on the internet for software companies to reproduce. Whether a software company implements 2-D barcode or not, they would reproduce the same form. Software companies can produce the form in different operating systems (DOS, Windows, etc.) but it is preferable to get approval for each operating system.

7. ***Software / form developers ensure that their product or sub-vendors provide their end users with the necessary fonts to reproduce scanlines accurately and specifications provided by the state.***

If the state requires specific fonts in order to process the vouchers, software companies **must** provide this font to their customers. Software companies **will** do their best to communicate the importance of using the correct font and printing the form as close as possible to the state's specifications. (Pop-up menus, notes, examples, etc. could be incorporated in the software to help education customers on the importance of using the correct font.) Subvendors may be required to obtain separate approval for vouchers. Primary software companies should submit a list of secondary companies who are using their product to the states.

## 2-D Barcode

1. ***Software companies comply with the FTA/NACTP 2-D barcode standards.***

The standards set by FTA, NACTP, and government agencies **must** be followed as close as possible.

2. ***Software companies allow adequate space for the 2-D barcode, including a ¼" margin around the 2-D barcode.***

There should be ¼ inch of white space around the barcode. States **must** allow adequate space for barcode when designing the form and software companies **must** also allow adequate space where the barcode is to be printed.

3. ***Software companies include a revision number in the state portion of the 2-D barcode header, if required by the state.***

The revision number would change only when there is a revision made to the 2-D barcode. In the 2-D barcode standards the revision number is included in the state portion of the header.

4. ***Data from the form or schedule matches the data in the captured field.***
  - a) **Data *must* agree from schedule to schedule.** (Example: Data from Schedule X that is carried over to Form Y **must** match. If Schedule X, Line 23 data is \$100 and it is carried over to Form Y, Line 34, this information **must** be \$100.)
  - b) **Data printed on the form *must* be the same data captured in 2-D barcode.** (Example: Data printed on Form Y **must** be the same as what is captured in the barcode. If data on Form Y, Line 12 is \$55, then the data captured in the corresponding barcode field **must** be \$55.)
  - c) **Data type *must* match the state's requirements.** Example: If a field is numeric, then only numbers **must** print in that field. If a field is alpha characters, then alpha characters **must** print in this field.
5. ***The 2-D barcode should be turned on by default.***  
If a software company is providing 2-D barcode, the 2-D barcode **must** default to "on" and **must** print (taxpayer should not be able to turn the barcode off).

## Electronic Delivery

1. ***Software companies check the department's Web site for new or updated forms and instructions, as well as news updates and legislative changes.***  
Software companies should check the government agency's Web site for new and updated forms. If an agency doesn't have a Web site, the government agency should send the NACTP copies of the forms and publications.
2. ***Software companies check the NACTP web site for updates and information.***  
Software companies **must** check the NACTP web site for updates and information before contacting the state.

## Communication

1. ***Software companies provide a single contact that coordinates development for individual income tax. Contacts are available by email. Alternate contacts are available. States are notified if contact information changes: person, address, phone number, fax number, email address, etc.***  
A primary contact person should be assigned for each state, with a secondary contact person, in the event the primary person is unavailable. Software companies should notify the states when the contact person has changed. A software company should notify the states when they purchase another software company. If software company has a contact for different tax types **or processes (ie, electronic filing, 2-D barcode and/or form reproduction)**, be sure the state has an accurate list of each contact.
2. ***Software companies return phone calls and emails in a timely manner.***  
Phone calls and emails **need to** be answered within two business days.
3. ***Software companies wait the designated turnaround time for form approvals before contacting the state.***  
Software companies should wait 10 business days before contacting the state regarding the approval of the forms. The state contact's time used to answer phone calls, emails, etc. should be spent on actually doing the forms approval process. Most states review the forms in the order they are received.
4. ***Software companies notify the state of an updated software release. Accurately relays information.***  
States would appreciate being notified when an updated software release has corrected a problem that would affect the processing of returns. This would be beneficial to the software company, as well, because when tax preparers, taxpayers, etc., contact the government agency concerning the problem, the agency could tell them that a new release is on its way. Customer service representatives accurately relay the status of software. Software company refers calls to state agency only when appropriate. This notification addresses updates which correct problems to the previous version of the software.
5. ***Software companies respond promptly (initial response within 2 business days for critical errors and within 5 days for serious errors) when errors on live returns are detected by issuing the updated changes on its next scheduled release date or earlier, if agreed upon by the state and the developer. Software companies notify the state as soon as a significant software error is identified, after first release of their product.***  
If there is an error that would affect the processing of returns, software companies should notify the state contact within 1-2 days. Along with the notification of error, an estimated date of the corrected software being released would be helpful. This would allow the state to notify the processing area of possible problems and to communicate that the

problem is resolved to the taxpayer.

Each state would determine what would be considered “critical” vs. “serious.” Examples follow:

**Critical errors:** This would be a problem that prevents the return from being processed. Errors on computing the return that would cause a taxpayer to think they are getting a refund vs. paying or vice versa. Programming that would not allow certain credits or adjustments for which taxpayers qualify. Calculation errors, wrong tax rates, legislative changes, etc.

**Serious errors:** An error that prevents the scanning of the return, but does not prevent processing. An error that may delay the processing of the return, but would not change the actual outcome of the return. Verbiage errors that are incorrect.

**6. *Good communication between the primary and secondary vendors (if applicable).***

Primary software companies should make an effort to communicate with their secondary software companies regarding forms approval, software releases, updates, etc. It would be great if the primary vendor also notified the state contact when notifying the secondary company of final forms release. Example: primary vendor notifies the secondary vendor what forms are approved and when. An email blast to their customers and cc the state representative would be a good idea.

**7. *Software companies educate their customers about problem areas experienced by the state.***

States **must** communicate “problem areas” to the software company and the software company, in turn, **must** communicate these issues to their clients. Listing the changes for that year or updates would be a good idea. If special fonts are required, give instructions on how to use the fonts correctly and a brief description why the fonts are needed.

Example: If a state requires a county code be printed on the return, the software company could create this as a “mandatory” field. If the taxpayer doesn’t fill in this field, a message would pop up alerting the taxpayer that this return is incomplete. Include this information in the instructions and alert taxpayers through list serves, newsletters, read-me files, etc.

## **Software Package Release**

**1. *Software companies will not release software or forms prior to approval by the state.***

Software companies include the approved versions of a form in their software. Software companies **will** not include or release drafts of forms in their software package, unless authorized to do so by the state. If authorized by the state to release drafts, a draft indication/watermark **must** be placed on the forms to minimize filing of draft forms. It would be preferable if printing of draft forms was suppressed—this would help eliminate draft forms being sent to the state agencies.

**2. *Software companies will not change forms after they have received approval from the state.***

If changes must be made, software companies will contact the state to determine the impact on the state’s approval.

**3. *Software companies notify the state when software has been released.***

If the state requests notification, the software companies should notify the states when their product has been released. This would notify the state when draft forms/final forms have been released.