



2012 Tax Year Procedures

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New for the Filing Season

New for tax year 2012

✓Tax preparers can no longer use their Social Security number on returns prepared for clients. They must provide their PTIN.

Going Paperless – Going Green

- ✓ Resident tax booklets will be available in limited supply at local area participating libraries beginning in January 2013.
- ✓ Forms CD's are discontinued.
- ✓ For tax year 2012 and after, you may access the booklet online electronically or print the tax booklet from our Website at www.marylandtaxes.com.
- ✓ All of our forms and instructions are available for downloading and printing at our Website.



Updates and Reminders

Going Paperless – Going Green

- ✓ Paid Preparers who completed 100 or more original Maryland individual income tax returns for Tax Year 2011 are required to file all original individual income tax returns electronically for Tax Year 2012.
- ✓ Did you know? It costs about \$1.95 to process a paper return, and about 38¢ to process an electronically filed return – and efilings saves trees!

Going Paperless – Going Green

- ✓ The Comptroller may impose a \$50 per return penalty not to exceed \$500 per preparer for non-compliance with the eFile mandate.
- ✓ Preparers may request a one-year waiver from the Comptroller.
- ✓ Taxpayers may elect to opt out of efilings by checking the relevant box on the return. These returns will not be counted when determining efile requirements.

Threshold for W-2 Submissions

- ✓ For calendar year 2012, employers/payors with 25 or more W-2/1099R forms with wages/payments subject to Maryland withholding are required to file these statements and the annual withholding reconciliation electronically.
- ✓ These forms can be filed either by using our free bFile application or by submitting magnetic media in the approved format.



Filing Deadline

- ✓ The filing deadline for tax year 2012 is Monday April 15, 2013.
- ✓ The payment due date for electronic filers is extended to April 30 for efilers who opt to pay the balance due by direct debit or credit card.

Certification Requirement for Electronic Returns

- ✓ Supporting documentation for certain credits must be submitted within 14 calendar days for the credit to be allowed.
- ✓ The preferred submission method is as a PDF attachment with the return.
- ✓ Documentation can also be sent by fax, e-mail or regular mail.
- ✓ See our eFile handbooks for details.

MeF – Modernized Efile

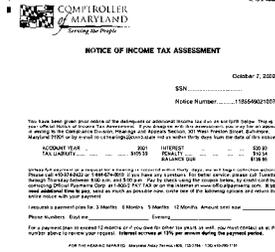
- ✓ We continue to welcome software vendors who support MeF.
- ✓ MeF supports PDF attachments, allowing supporting documents to be submitted along with tax returns.
- ✓ Using software which supports the MD Schedule K-1 may eliminate the need to fax or email credit documentation.

Social Security Number Validation

- ✓ All Social Security Numbers (primary, secondary and dependent) will be validated through the Internal Revenue Service before processing the return.
- ✓ Filings with invalid SSN's may experience processing delays and denial of credits.

Balance Due Electronic Returns

- ✓ Revised tax notices for balance due electronic returns that did not request direct debit will not be sent until after the payment is due.



Returns Filed Without W-2s

- ✓ Returns claiming MD tax withheld and filed without supporting W-2, 1099 or K-1 will not be processed, and will be returned to taxpayer.





Free Internet Filing for Individuals - *i-File*

Online Filing for Individuals

- ✓ Free Internet filing of personal tax returns through *iFile* is available for :
- Resident and nonresident returns
 - Amended returns if the original return was filed through *iFile*
 - Extension requests
 - Estimated payments





Free Internet Filing for Businesses - *b-File*

***b-File* for Online Business Filing**

- ✓ Businesses and employers can file sales tax and withholding returns, and key in up to 250 W-2s online, using *b-File*.



b-File Advantages

- ✓ *b-File* offers several advantages over electronic funds transfers (ACH credit and debit methods):
- ✓ It provides more detail than the limited EFT record layout



b-File Advantages cont'd

- ✓ View filing history
- ✓ Schedule payments in advance up to the due date
- ✓ Receive confirmation info for printing



b-File Advantages cont'd

- ✓ Save FEIN, Central Registration number and bank info during registration for pre-filing future filings and avoid keying errors
- ✓ Edit previous filings up to two days before the debit date
- ✓ File no-tax-due return

b-File Advantages cont'd

- ✓ File annual withholding reconciliation and report W-2s
- ✓ File for current year as well as two prior years
- ✓ Calculate discount on timely filed sales and use tax filings when applicable
- ✓ Multiple accounts can be accessed by a single registration



**Direct Debit
Payments**

Direct Debit cont'd

- ✓ Direct debit is available for:
 - Personal and business income tax returns filed electronically
 - Personal estimated and extension payments
 - Withholding and Sales & Use tax returns
 - Personal and business bill payments

Bill Pay Electronic Payments

✓The amount that you designate will be debited from your bank or financial institution on the date that you specify.



Credit Card Payments

Credit Card Payments

✓For alternative payment methods such as credit cards, see our web site at www.marylandtaxes.com.



Barcodes

Barcodes

- ✓ Form 502 (internet version) 2D barcode will include data from the Form 502B as a third page.
- ✓ If the Form 502 has all of the required data in the 2D barcode and all 3 pages are submitted, the form should process without problems.

Barcodes

- ✓ If the Form 502 has all of the required data in the 2D barcode but the third page (502B) is not attached, the data will not be picked up and the dependent deduction will be disallowed.

Barcodes

- ✓ Switch 2D barcode default to ON if your software supports 2D technology.
- ✓ It cannot read handwritten changes; if a change is made, reprint the entire return.
- ✓ Do not staple or destroy the barcode.





Forms Mailing

Mailing Dates

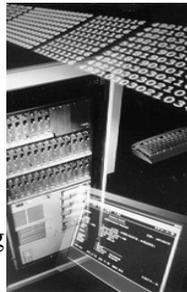
- ✓ Employer withholding coupon books will be mailed by the end of December, except for accelerated filers, whose books will be mailed mid-November.
- ✓ Personal estimated tax vouchers will be mailed mid-January.



Errors

Most Common Errors

- ✓ Incorrect banking account and routing numbers for direct deposit of refunds
- ✓ Local income tax miscalculated or missing



Most Common Errors *cont'd*

- ✓ State and local earned income tax credits
- ✓ Poverty level credit
- ✓ Incomplete 502CR and 500CR



Most Common Errors *cont'd*

- ✓ Special nonresident tax not computed
- ✓ Personal tax returns submitted without W-2s or 1099s when withholding is claimed
- ✓ Standard deduction or itemized deduction box not checked
- ✓ Total exemption box not completed

Most Common Errors *cont'd*

- ✓ Tax credits claimed without required documentation attached
- ✓ Nonresident tax paid by a pass-through entity on wrong line or documentation (K-1) not attached



Taxpayer Service

Taxpayer Service

- ✓ Lines will be open February 1 - April 15,
Monday - Friday, 8:00 a.m. – 7:00 p.m.



Important Information

- ✓ Web site www.marylandtaxes.com
- ✓ Tax practitioner hotline: 410-260-7424
- ✓ Tax practitioner e-mail:
taxprohelp@comp.state.md.us
- ✓ E-file tax practitioner hotline:
410-260-7753

Important Information *cont'd*

- ✓ E-file tax practitioner e-mail:
efil@comp.state.md.us
- ✓ Tax forms e-mail:
taxforms@comp.state.md.us



Coming Soon

Coming Soon

- ✓ Although we prefer electronic filing, Sales & Use Tax forms will be accessible online. It will be a fillable form which will have a correct 2D barcode when printed.
- ✓ Admissions & Amusement Tax returns will be able to be filed online.
- ✓ Fiduciary returns will be able to be filed online.
- ✓ Expanded Preparer Services (pServices)
- ✓ We will announce these enhancements on the Comptroller's website as they become available.



Questions?
