MAINE GUIDELINES FOR SUBSTITUTE TAX FORMS

Maine Revenue Services
Vendor Approval Requirements & Specifications

2015 - 2016

Revised 5/29/2015

Governing Authority

Maine Revenue Services: Title 36

RECORD OF CHANGES 3
INTRODUCTION 4
PURPOSE 4
SCOPE 4
VENDOR REQUIREMENTS 5
Letter of Intent Form SF–ME: 5
Vendor Identification Code: 5
Form Identification Bar Code: 5
Form Availability: 6
APPROVAL PROCESS: 6
SUBMISSION REQUIREMENTS 7
Vendor's Responsibility 8
SUBSTITUTE FORMS REQUIRMENTS 8
Required Preparation of Substitute Forms: 12
Filing of Substitute Forms 12
SUBSTITUTE FORMS CONTACT: 13
TAX QUESTIONS 14
Glossary of Terms 15

RECORD OF CHANGES

Revision Date	Nature of Change
7/31/2013	Modify contact information in the “SUBSTITUTE FORMS CONTACT” section – Chloe Roy has taken a position outside state government.
5/29/2015	Updated dates and contacts and included references to new forms.

INTRODUCTION

Maine Revenue Services (MRS) images all tax returns and their supporting documentation. The images provide for storage and retrieval of returns and for processing the returns using OCR and 1D and 2D barcode technology, along with manual key when necessary. In order to realize the cost saving and processing efficiencies provided by OCR and barcode technology, all bureau forms must be designed to maximize these technologies.

These guidelines specify the requirements for software produced tax forms (substitute forms) to be used from the date of posting until superseded. This set of guidelines covers all tax types unless otherwise specified. Separate guidelines are published to address 2-D barcode requirements and individual specifications are published for each form containing a 2-D barcode. For the 2015-2016 tax processing season the 1040, 1120, 1120X, FORM CR, MEUC1 (including MEUC1SCH2) and 941P (including the 941P Schedules 2 and 3) have been mandated to contain PDF-417 barcodes.

This document will be updated as needed to reflect any administrative decisions, legislative changes, equipment innovations, and/or procedural improvements.

PURPOSE

The purpose of this document is to provide detailed procedures for the approval and use of substitute forms to be used in place of the tax forms produced and distributed by MRS. In addition, this document has been developed as a tool to build and strengthen vendor relationships and to provide a comprehensive procedures process for vendor management operations.

SCOPE

The State Tax Assessor will accept only those substitute forms that conform to the corresponding official forms, comply fully with the requirements set forth in this document and do not have an adverse impact on tax processing.

MRS reserves the right to reject any tax form that has not been approved for use, does not meet specification listed in this document or causes interruption of automated processing.

A separate accompanying guideline is provided for implementation of 2-D Barcodes on selected returns and their schedules. Software developers are required to incorporate 2-D barcodes on designated substitute forms that comply with MRS' 2-D specifications. Waivers can be requested from this requirement and will be considered on a case by case basis. Waiver requests should be addressed to the Forms Management Team.

VENDOR REQUIREMENTS

Letter of Intent Form SF–ME:

In order to reproduce MRS tax forms, the software developer will need to obtain a Form SF-ME located at http://www.maine.gov/revenue/vendors/intent.pdf. Please complete and submit Form SF-ME along with the list of the forms that you plan to develop over the following year. Use of MRS' Form List at http://www.maine.gov/revenue/vendors/vendor_fiilable_forms_list.pdf is the preferred method to be used to declare which forms each vendor plans to develop. The Form SF-ME must be filed annually to ensure that MRS has the most current information. Changes in the information provided on Form SF-ME must be reported as soon as possible to MRS.

Vendor Identification Code:

MRS will assign a Vendor Identification Code (VIC), to all vendors that submit the Form SF-ME. In completing forms design, the registered vendor needs to replace the 2-digit code of 00 or 99 on the form to the right of the barcode with their assigned VIC. Registered vendors that did not develop Maine substitute forms in the previous tax year must request a VIC in writing via the SF-ME Form.

Form Identification Bar Code:

MRS will assign a unique barcode to each form. The vendor must duplicate this barcode as it appears on the published template placing it in the upper right hand corner of the form in the same location as on the gridded form. The barcode must use Code 39 encoding, have at least 50 pixels for each character encoded with the expectation that it be ½" tall and at least 1 ½" long, or the size of the barcode provided on the gridded form. Caution should be exercised in the development of the barcode to be sure it is duplicated as published. MRS no longer, as a routine matter, advances the first two digits of the barcode to represent the year of the form, nor do we continue to place the letter V in the barcode to signify the form was developed by a vendor and not by MRS. If there are no changes to a form from year to year then the barcode assigned to the form will not change, changes to form identification barcodes will happen only when data capture fields appearing on the form have been moved. For forms that are year specific, the year will be printed on the form in the upper left hand corner of the form.

- Example: The barcode on each official form is provided as a graphic. An example is provided below. The barcode provided on the gridded version of the form can be

copied and pasted; however, the grid lines sometimes make it difficult for our scanners to read these graphics so MRS will provide barcode file(s) upon request. The vendor may also use the English translation of the Code 39 barcode shown below the barcode to encode the barcode themselves.

Form Availability:

All forms that are approved to be reproduced are located on MRS' vendor website at: *www.maine.gov/revenue/vendors/*. The site has both the template/gridded vendor's form and official State of Maine's form with the corresponding instructions. Other forms, such as worksheets, will also be published on this site under the primary form. Forms without barcodes will not have data captured from them, and as such do not have to be submitted for approval. While not published on the web site full filled non-gridded versions are also developed and available from the Forms Management Team upon request.

MRS will attempt to publish final draft templates/gridded versions as early as possible to allow for early development work by vendors and will provide email alerts each time a form is updated and list the changes to the form. However, no form will receive FINAL APPROVAL prior to our publishing the FINAL template/gridded version of the form.

Specifications for 2-D barcodes will be published and posted on MRS' vendor web page.

Along with posting of the template/gridded version to be used by vendors, the official form with their instructions will also be published on the vendor page for use in development of the forms.

Questions can be addressed by email to: VendorForms.MRS@maine.gov

APPROVAL PROCESS:

Approval is required for each year's tax form. Approval in one year does not automatically assure approval in subsequent years. To help ensure approval of a form, it is extremely important that the vendor form matches the gridded form (template) found at maine.gov/revenue/vendors.

Maine Revenue Services will, to the extent possible, conform to the forms approval process as contained in the current edition of the National Association of Computerized Tax Processors' (NACTP) "Tax Form Design Standards and Guidelines" for paper forms.

For 2-D bar coding the jointly developed "Tax Forms Processing 2-D Bar Coding Standards" of NACTP and the Federal Tax Assessor's (FTA) serve as the underlying guide. Variances will be made for special handling or data collection requirements and as necessary to provide MRS with the highest quality automated processing it can obtain.

MRS may develop standard test cases to be submitted by each vendor as part of the form approval process. When test cases are published by MRS they will be used for both OCR and 2D approval as appropriate. For returns with MRS developed test cases MRS requires 5 test submissions, one of which will be a full filled form. When MRS does not develop test cases for a certain form only one full filled return is required to be submitted for form approval. However, MRS encourages each vendor to submit additional test cases of their own to allow MRS to provide better feedback to the vendor on their forms. Blank forms are not required as part of the form approval package but may be submitted if desired by the software developer. Test cases will be published when available.

Because a significant number of taxpayers do not update software programs before filing their returns, MRS has been required to expend significant resources to modify processing systems in the past to allow for proper processing of forms submitted on "non-approved" forms. Vendors are requested to not release to their clients any Maine form until they have received final approval for its use.

The approval process, will review each submitted form for clarity, conformity to the template, form recognition by both our scanning equipment and data capture software, proper formatting of all variable data fields, readability and correct formatting of 2-D barcodes in PDF417 format (when appropriate). Required test files will be published on MRS' web page and their location will be provided to all vendors.

SUBMISSION REQUIREMENTS

MRS may require 5 test forms be submitted for form approvals with one return being a "full filled" return using X's and 9's and the other four being test cases provided by MRS. Should MRS not publish any test cases then approval will be based upon "full filled" forms provided by the vendor. Forms will be submitted in .pdf format to VendorForms.MRS@maine.gov or in hard copy to the Forms Management Team.

MRS will accept less than complete form packages to allow for early approval of forms. When possible, vendors are encouraged to submit a complete package containing all the forms pertaining to each return for testing and approval. However, when 2D barcoded test returns are submitted for approval, the return must contain all pages for which data is contained within the 2D barcode. Upon receipt of each form/package MRS will attempt to process the forms through our test system to identify any incorrectly positioned data fields, and review for proper field formatting. Forms that are developed according to the specifications provided in this document and/or the 2-D bar code specifications shouldn't have any problems in this approval process. Should MRS encounter any issues with

submitted form(s) the vendor will be immediately notified via e-mail of the needed correction(s).

Vendor's Responsibility

1. Make corrections and revisions to substitute tax forms upon notification by MRS and resubmit for approval. Revisions may be submitted in the same manner as the original submission, or using any approved method of submission.

2. Provide your clients with the instructions for correctly producing approved substitute tax forms. These instructions must include information on the printer fonts required to produce approved substitute tax forms if not coded into the product.

SUBSTITUTE FORMS REQUIRMENTS

All substitute forms must adhere to the requirements set forth in this document in order to avoid processing interruptions. The OFFICIAL FORM (provided on the vendor page including the instructions) IS THE STANDARD. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before attempting to modify it. The Assessor reserves the right to reject substitute tax forms with poor legibility or that do not meet the requirements of these guidelines.

- **Design:** Substitute forms must be the same size as the official forms. All forms are 8 1/2" x 11" complete sheets (some very limited exceptions are made for some vouchers). Experience of many years of scanning and automated data capture has proven that forms that are less than full sheets are seldom submitted as designed causing failure of OCR engine recognition. Cut lines, although provided and clear, are seldom followed and a large number of taxpayers submit the whole sheet instead of cutting it. For these reasons all forms will be full sheet documents. The official forms are designed with red dropout ink lines to guide a taxpayer through manual preparation. For substitute forms these red dropout lines must not print. The locations of the variable data fields must comply with the same locations as the one provided on the gridded form on the vendor's web site.

- **Margin Requirements:** Margins on substitute tax forms must be equal to the margins provided on the gridded form (the standard is ½").

- **Taxpayer/Preparer Information and Signature Area:** The taxpayer/preparer signature area may not be rearranged, relocated, or reworded. The jurat/perjury statement and signature lines areas must be retained and worded exactly as on the official form. The signature area format on a substitute form must conform to that of the official form, except for one additional line; for substitute forms that print on more than one page, a statement reminding the taxpayer to submit all pages of

the return must be added below the signature area. This statement should read: **"PLEASE BE SURE TO MAIL ALL PAGES OF THIS RETURN."**

- **Horizontal And Vertical Lines:** All official forms and gridded forms contain horizontal lines and most forms contain vertical lines. These lines are important on the official form when taxpayers are completing them by hand, but are not necessary on computer generated forms. Their inclusion by vendors on forms that will be printed from computer software programs is optional. The only exception to this rules are those lines printed in red (PMS 190) drop-out on the official form - these lines must not appear on substitute forms.

- **Data Fields:** All data entry fields must be located in the positions as provided on the gridded forms. Forms containing incorrectly positioned data fields will be rejected. The gridded forms on the vendor page were created in a 6 x 10 grid to accommodate the vendors. All alphabetic data fields must be printed in capital letters, no lower case letters are permitted.

- **Vendor Identification Code:** The identification code assigned to the software developer/vendor must appear to the right of the bar code, replacing the 00 or 99 as provided on the gridded template. Vendor Identification Codes are provided by MRS upon acceptance and approval of the vendor through their submission of Form SF-ME.

- **Alignment Boxes:** These boxes must be reproduced in the same position and the same size as on the template form. One is generally located on the upper left corner of the form, and one on the lower left corner and lower right corner. The targets must be present on all pages of the form that have data captured fields.

- **Paper Requirements:** If substitute forms are to be printed duplex, paper must be equal to or better than the quality used for the official form. Official forms are printed on 24 lb OCR Bond. If printing on one side of paper only, standard 20 lb bond paper may be used.

Substitute Tax Form Printing Requirements

- **Printing Medium:** The private printing of all substitute tax forms must be by conventional printing processes, computer graphics or similar reproduction processes.

- **Ink Color:** Black.

- **Legibility:** All forms must have a high standard of legibility for printing and reproduction. The ink and printing method used must ensure that no part of a form (including text, graphics, data entries, etc.) develops "smears" or similar quality deterioration, including any subsequent reproductions made from an approved master substitute form, either during preparation or during processing.

- **Font Style:** Characters in variable data fields must be printed using Courier or Courier New 12 point 10 pitch font which prints at 10 characters per horizontal inch **(characters must not touch each other and must not touch vertical or horizontal lines).**

- **Print Spacing:** Substitute forms must be printed 3 lines per vertical inch unless other spacing is provided by MRS on a specific form.

- **Boxes, Screens:** Underlines or boxes where an "X" may be placed or under data fields should not appear on the vendor forms. Data fields must be printed "free-form" (without any underscoring or lines beneath printed data). Screens and reverse/outline letters or numbers are not acceptable on substitute forms.

- **Logos and Reverse/Outline Letters:** Logos, screens and reverse/outline letters or numbers are not acceptable on substitute forms.

- **Form year:** The form year appearing in the upper left corner of a form must appear in the same location and font as on the template. This field is captured and used in the processing of the return. Some forms do not have the year printed on them and so for these forms this does not apply.

- **Variable Printed Data:**

    - The format for dollar fields is a whole amount with **hard coding of decimal point, followed by hard coded 00 for cents**. Payroll forms do not have hard coded cents and require the submission of the actual dollar and cents values – follow the templates. Dollar fields must be in the same position as on the official form. Do not use leading dollar signs ("$") in dollar fields. Use a leading dash to indicate negative amounts. Zero amounts must be blank or printed zero (0.00).

    - Dollar fields must accommodate 14 characters, including the decimal point and trailing cents for **individual** type forms, with no leading zeros.

    - Dollar fields must accommodate 17 characters, including the decimal point and trailing cents for **business** type forms, with no leading zeros.

    - Fields that display ratios or other factors rounded to a number of decimal places must fill the full field even if the values are zeros.

    - Data Field Delimiters: The data field delimiters should be a blank space instead of the dash or slant as illustrated below:

        - Social Security Number: 999 99 9999
        - EIN: 99 9999999

        - Date: MM DD YYYY
        - Telephone Number: 999 999 9999
            - MRS' tax system stores the Area Code separate from the Phone Number so these are two different fields and can not be treated as one. To try and help in the data capture we are separating the Area Code and the Phone Number by 3 or 4 spaces as indicated on the template provided.

    - Taxpayer/Preparer Information Sections: Courier 12 point 10 pitch font. Data must consistently be positioned as provided in the gridded forms with appropriate headings.

    - Taxpayer identification number (Social Security Number or Employer Identification Number) must print at the top of each page when indicated on the template.

    - Data fields are to be printed free-form, with no underscoring, commas or other non-alphabetic or non-numeric characters except a dash to indicate a negative value for numeric data, or a decimal to separate cents from whole dollars.

- **Instructional Text Criteria:**

    - Instructional text required on forms includes instructions stating which supporting forms must be attached and instructions referring to the transfer of dollar amounts from line to line or page to page. Instructional text not required on forms includes instructions or tables already part of the software program and instructions referring the preparer to see another page for explanations. This second option can be used for places where insufficient space is found for desired text. Text can be modified provided clear information is provided to the taxpayer.

    - **Use of Abbreviations:**

        - Never use an abbreviation unless necessary to allow space on the line. Always spell out words whenever possible.
        - Do not use any abbreviation if the meaning of the abbreviated word is not clear in its context on the form.
        - When necessary, use standard abbreviations provided in the NACTP's "Tax Form Design Standards and Guidelines" publication which can be found at www.NACTP.org to print the text for computer-generated substitute tax forms. If the word is on the list, use the abbreviation on the list. If you need to abbreviate a word that is not on the list, make sure the abbreviation is easily understandable in context.

Required Preparation of Substitute Forms:

- **Completely Fill in Lines:** You must complete all specified numbered or referenced lines except those intended to be blank or zero, including the totals and all lines that make up the totals. The amount from statements and schedules must be entered on the proper lines on the form.

- **Supporting Statements:** Supporting statements are used to explain an individual line entry on an official or substitute form. Supporting statements may not be used to avoid completing required lines or in lieu of a prescribed official form. It is not acceptable to submit a blank or incomplete official form that refers to a supporting statement and submit the form data entries solely on the statement.

    - Supporting statements shall:

        - Provide details and explain entries made on the official or substitute form.
        - Furnish all required information in the same sequence as called for on the official form.
        - Furnish any additional information in the order of appearance on the form to which it refers.
        - Show taxpayer's name and Social Security number or Employer Identification Number (EIN) at the top of each statement.

    - Supporting statements must not be attached with staples or tape.

    - Multiple supporting statements: Each supporting statement must be on a separate page.

Filing of Substitute Forms

- **Taxpayer and Preparer Signature Area:** All taxpayer signatures on paper forms filed with the Bureau must be original signatures affixed after the reproduction process.

- **Voluntarily Submitted Information:** Additional information voluntarily submitted should be on the same size paper as the official form and included with the return following the return's supporting statements.

- **Assembling Forms:** Documents must be arranged in the following order:

    - Payment, if applicable
    - Tax return
    - Schedules
    - W-2 Form(s) if applicable

- Supporting statements or worksheets
- Copies of federal forms where required in the same order as filed with the IRS.
- **Do not staple or tape checks or other documents together.**

- **Responsibility of Vendor:** Upon approval of a substitute forms package or a software output program to print substitute forms, the originator (designer or distributor) must provide each client with the requirements of authorized use. For example, this responsibility includes specifying font, type size, paper size and weight, and ink to be used to satisfy Maine substitute tax form requirements.

- **Vendor Release: Vendors SHOULD NOT release forms until FINAL APPROVAL has been received from MRS. However,** if a vendor releases a forms package prior to receiving approval, the program must print in bold - +"FORM PENDING APPROVAL – DO NOT FILE".

SUBSTITUTE FORMS CONTACT:

All vendor email communications shall go through our Forms Management Team email address: VendorForms.MRS@maine.gov in order to enhance and improve our service to our vendor partners. In addition, this new email shall also be used for forms approval submissions.

Forms Management Team

The Forms Management Team works with Administrative Divisions and the Revenue Processing Center to help coordinate the development of MRS' tax forms; therefore, they are very familiar with any concerns and/or questions vendors might have. If assistance is needed, or there are problems with form approvals please contact the Forms Management Team, or the Administrative Division contacts listed below:

Mailing Address:

U.S.P.S.
Maine Revenue Services
Attn: Forms Management Team
P.O. BOX 9107
Augusta, ME 04333-9107

UPS/FEDEX/etc:
Maine Revenue Services
Attn: Forms Management Team
51 Commerce Drive
Augusta, Maine 04330

Contacts:

Primary: VendorForms.MRS@maine.gov

Team Members:

Nick Flanagan
Phone 207-624-9707
Nicholas.Flanagan@maine.gov

Venus St. Amand
Phone 207-441-5010
Venus.St.Amand@maine.gov

Fax: Currently no Fax is available to the Forms Team.

TAX QUESTIONS

The following individuals are able to address any tax related question that a vendor might have.

Sales Tax:

Laurie A. Brann
Phone – (207) 624-9615
Email – laurie.a.brann@maine.gov

Individual Income Tax:

Debra Bartlett
Phone – (207) 626-8485
Email – debra.e.barlett@maine.gov

All other taxes:

Bill Brunelle
Phone – (207) 626-8482
Email – William.j.brunelle@maine.gov

Glossary of Terms

*Software Developer***:** A company that develops computer generated tax forms or payroll services.

Optical Character Recognition OCR: is an electronic translation of scanned images of handwritten, typewritten or printed text into machine-encoded text.

One-Dimensional Bar Codes: is an orderly array of black bars (or lines) and white spaces that have a defined pattern, and can be read by a scanner or scanning wand. MRS uses the one-dimensional bar codes to indentify tax forms.

Two-Dimensional (2-D) Bar Codes: It is a two-dimensional bar code symbology that contains data that can be read by scanner equipment and passed directly to downstream systems. MRS is using these on a limited number of returns to capture the variable data submitted on the form(s).

Vendor: Those tax software development companies that provide Maine substitute tax forms to their clients for submission to MRS for processing.