

EMERGENCY INDIVIDUAL INCOME TAX REGULATION 2000-2

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. Because the electronic filing process is a joint program between the IRS and the Department of Finance and Administration, 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 can not 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 of the Department of Finance and Administration and is the office 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 are identical to the

information on the form AR8453, before the electronic return data containing Arkansas individual income tax information 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 concerning the taxpayer's Arkansas income tax return.

(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. Reproductions of the annual wage forms created by the ERO's tax preparation software are 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.

(D) ERO's will submit a copy of the form AR8453 along with supporting forms and schedules that can not be submitted electronically. A list of schedules required to be sent is listed in the Arkansas Department of Finance and Administration publication #1345. 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.

(4) 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.

(5) 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 acknowledgement 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 for the tax year 1999 and later.

Executed this 20th day of March, 2000.

Dick Barclay, Director
Arkansas Department of Finance
and Administration

Tim Leathers, Commissioner
of Revenue
Arkansas Department of Finance
and Administration