

Responses to questions regarding PATS and ATS

This question is on test scenario 3.

Could you explain how line 12d (nonrefundable school readiness) is 25? We are calculating 0 for that line.

Did you complete the school readiness worksheet on page 30 of the instruction booklet? This is what determines the amount to be placed on line 12d of the return.

400-00-4302

- Form 8888 – Federal Refund amounts (\$105 & \$100 respectively) are deposited into two separate bank accounts, however \$205 does not match the total Federal refund.
- **Changed checking account refund to \$545 on script.**

400-0-4303

- LA Schedule E Line 4b-
 - The School Expense Deduction is limited to \$5,000. As this is a LA adjustment to FAGI, the subsequent income & tax numbers on the LA6006 and the Schedule E will differ.
 - **The deduction is correct. Each child is limited to a \$5000 deduction.**
- Dependent's Age
 - Given the birthdays' provided in LA's specs, the dependent's ages are one year older in Drake than LA. EG – Bill Blackburn was born in 88 (2009-1988 = 21).
 - **The script is correct Bill Blackburn was born in 1988.**

400-00-4304

- Schedule SE –
 - The Long Schedule SE is used because the taxpayer had wages in addition to Self Employment income & the net earnings from SE exceed \$106,800.
 - **David Keller has the W-2 wages. Sandra Keller has the schedule C income.**
- 1040 –
 - Line 18 (per the LA PATS) is line 17 (Partnership Income). I could find no mention that this taxpayer had Schedule F income. Additionally, the taxpayer earned \$6,718 from Koch Oil, a partnership.
 - **The script has been corrected to show line 17 (Partnership income).**

400-00-4305

- Spouse is blind & disabled – As this return is MFS, the taxpayer's exemption and Louisiana disability amounts will not change if the spouse is disabled/blind.
- The script was corrected to state the spouse was not disabled or blind.
- Schedule A total amount (\$102,947 – Drake vs. \$102,941 – Louisiana).
 - Schedule A Worksheet- 80% of \$117,200 exceeds the \$83,400 that applies to MFS taxpayers. The resulting computations, based on this calculation, limit the itemized deductions to \$102,947. This difference

affects the subsequent 1040 calculations, the calculations for line(s) 8b, 8c, 9 & 10 in the IT540 as well as Louisiana's total balance due.

- **The forms and scripts have been corrected.**

400-00-4306

- 1040 Line 13 – Unemployment Compensation –
 - The TY 2009, the IRS excludes the first \$2,400 of unemployment income. Given this fact, I increased the total amount of unemployment the taxpayer received to \$6,525, to make line 13 of the 1040 \$4,125.
 - The script was corrected.

400-00-4307

- Louisiana Schedule E (US Government Interest) – Drake is picking up the US Savings Bond interest; from the Federal schedule B, as part of Schedule E exempt income.
- **The script was corrected to state the interest income was from Chase Bank and not US Savings Bond Interest.**
- LA 6006 – Line 41 (\$100 vs. \$95). I doubled checked Drake's calculations for line 42 and came up with \$100 as opposed to \$95 for this line.
- **\$95 is the correct total amount of donations.**
- Federal Schedule L line 6 (Disaster Losses – line 18 of the 4684) – as far as I can tell, this taxpayer did not incur any disaster losses.
- **The script was corrected to show line 6 of the Schedule L is 0.**
 1. Test # 5 – Fed Schedule A , Line 29 computes to 102947. LA shows 102941.
 2. Test # 5 – IT 540, Line 8B, should this be 5700 ? LA shows 5500.
 3. Test # 6 – Form 1040 , unemployment comp of 4135 is this before or after unemployment exclusion of 2400?? If the 4135 is net of 2400 exclusion, the Form 2441, line 7 is correct at 24975. If not then Form 2441, Line 7 should be 22575.
 4. Test # 7 – LA Schedule E, exempt income is not including 479 in US interest.
 5. Test # 7 – LA Animal Welfare contribution, information shows 5 but return summary shows 10.
 6. Test # 8 – Jessica Lee DOB listed as 010790 but shows 1991 on EIC. Form 1040, Line 33 Child tax Credit shows 1393 but computes to 1383. Total credits show 2391 which makes Line 33, 1383.
Is this return an LA amended return for testing purposes??
- 7. Test # 9 – Form 1040, Page 1, Line 27 computes to 4406 and summary shows 4425.
- 8. Test # 9 – Form 1040, Page 2, Line 56 computes to 8812 and summary shows 8850.
- 9. Test # 9 – Inventory tax of 49 in return information but not on return summary.
- 10. Test # 11 – W-2 Wages shows 27502 but return recap shows 26502.
- 11. Test # 11 – Taxable social security computes to 2008 , return summary shows 835.
- 12. Test # 11 – Federal Form 2441 child care credit not LA Form , line 12A and Nonrefundable child care credit ,Line 12 b is blank.

Problem maybe the AGI is over 25000, when I use 2008 for Social security and then qualify for credit.

- 13. Test # 13 – In LA information on page if shows filing status as Qualifying Widow and on Page 8 filing status is MFJ.
 - 14. Test # 13 – Form 1040, page 2, Line 63, Schedule M computes to 800 and LA return summary shows 300.
 - 15. Test # 13 – Is this an LA amended return for testing purposes??
-
- This was previously corrected
 - This was previously corrected
 - This was previously corrected.
 - This was previously corrected.
 - This was previously corrected.
 - The script has been corrected. This is an La. Amended return for test purposes.
 - The script has been corrected. Line 30 of the federal 1040 had been changed to \$45.
 - The script has been corrected.
 - This was previously corrected.
 - The script has been corrected.
 - The taxable social security calculation of 835 is correct.
 - The La. Child Care credit is refundable base on the above corrections.
 - The script has been corrected
 - Schedule M amount of 300 is correct. Both taxpayers received social security stimulus payments.
 - This is a Louisiana amended return for testing purposes

We had 2 returns reject on the federal level.

400004312 rejected because they will not allow a foreign address on a deceased return.

400004313 reject for an invalid zip code on the W2G.

400004312 removing date of death

400004313 changed payer's address to Gulfport MS 39501

Do you have another return you would like us to put the spouse as deceased?

They could make the spouse deceased in the 4313 test. That will not change the results.

What are LA's expectations for the IAT indicator in the legacy specs sequence 70.e?

- I believe LA is not going to debit/deposit an account that has this indicated and will instead issue a paper check, is that correct? YES
- Do you still want us to mark this indicator in the efile whether or not a debit/deposit information is present (some states are using it as an information tool for planning purposes in following years.)YES

Where can I find the TY2009 tax calculations? I've got the tax tables contained in the instructions, but the calculations look like they have changed.

Did you check the vendors site?

The instructions and tax tables are on the vendors site <http://www.rev.louisiana.gov/sections/vendors/>

The tax computation for residents are on the Software Developer website under Form R-6200.

would a dependent need to be on the taxpayer's 2009 return for her/him to be able to claim the school expense deduction?

The child must be a dependent on the taxpayer's 2009 return **or** must have been claimed on the taxpayer's 2008 return. It is possible that the child may not appear on the 2009 return as a dependent if claimed on the 2008 return, particularly if the father and mother have been granted a divorce and the terms of the divorce decree stipulate that each taxpayer is allowed to claim the child as a dependent on alternate years.

The EMS legacy tests with the "also used for MeF", are these the only MeF tests? Total of 4.
For right now yes

Quick question about PATS #2 -

Does LA want to see any LA tax withheld on the T/P's W-2. No LA withholding amounts are specified in the current PATS test, and \$240 was last year's LA withholdings?

It should be 240

Has the RIB stating the 2010 penalty and interest rate been posted?

The RIBs, numbered 10-001 and 10-002 will likely be posted in January.

Here are the documents, though, if you would like a copy of them. I would not send these out to vendors since they have not been posted.

<K:\Ldr Policy Drafts\Drafts\RIB 10-001 Judicial Interest Rate Draft 10-14-09.doc>

<K:\Ldr Policy Drafts\Drafts\RIB 10-002 Judicial Interest Rate Draft 10-14-09.doc>

I have a question regarding EF for this form. If a child attends more than one school and maxes the credit out on the first school should the information for the second school print in the record. I have attached two pdf's. The first one is a snapshot of the expense wks. The second one is the output to the EF record.

The worksheet which indicates that John attended two schools is prepared correctly. Although the maximum amount of the exclusion, (\$5,000) is met with the first school, there should be no harm in including School 2.

Global Issue: We need to change all the spouse's SSN's to fall within LA's category of numbers 400-00-4300 to 400-00-4399, e.g., 400-00-2005, changed to 400-00-4354. Is this OK?

In general, if we find an issue on the federal portion of the PATS, do you want us to notify you or should we make whatever change we need to get the LA return?

Test 2 – 400-00-4302

- 1) On the Single return there is 240 of LA tax withholding, is this withholdings for one of the w-2's or for the interest income?
- 2) This same withholding is not on the MFS return, should it be?

Test 5 – 400-00-4305

- 1) Schedule A total is 102941 in the scenario, but we believe it should be 102947. This will affect the rest of the 1040 and the LA return.

Test 7 – 400-00-4307

- 1) L41 on the LA return says 95, but we believe the total should be 100. This will change the rest of the LA lines.

Test 8 – 400-00-4308

1040A scenario page has the taxpayer's ssn as 400-00-4305, but we are assuming it should be 400-00-4308.

TEST 11 – 400-00-4311

- 1) In the scenario the Wages box 1 on W-2 = 27502, but the wages on 1040 line 7 = 26502. We are assuming you want the 26502.

Test 13 - 400-00-4013

- 1) Page one of the scenario says filing status is Qualifying widower, but the 1040 and LA scenario pages say Married filing joint. Which Filing status should we use?
- 2) Scenario has 300 for L63 making work pay credit on the 1040, but we believe it should be 800.

Global Issue:

The spouse's SSN in Tests 2, 3, 4, 5, 12, and 13 have been corrected
Please have them notify us if there is an issue on the Federal portion.

Test 2: The 240 is La. Withholding from the w-2.

Test 5: This issue has previously been corrected.

Test 7: La L41 is correct at \$95. This issue has been previously corrected.

Test 8: The script has been corrected.

Test 11: This issue has previously been corrected.

Test 13: 1) Use Married Filing Jointly. This issue has previously been corrected.

2) Federal 1040 L63 is 300. The script has been corrected to clarify this.

In preparing the returns for the PATS tests I have come across the following exceptions which will prevent the PATS tests from meeting approval guidelines. Please see below and advise how you would like these issues addressed on our end.

Test # 8

Exceptions

TP SSN – Input given 4308 Output expected 4305 - which is correct?
Sch EIC TP does not qualify for EIC

Test # 9

Exceptions

Sch F

Expenses – Input adds up to \$13504 Output expected is incorrect \$13134
This affects the 1040 AGI

Test # 10

Exceptions

LA R210 is mentioned in the input – TP meets exception 1
Are you expecting a penalty for this return in your output?

Test # 11

Exceptions

Amended Return Indicator – We do not support elf of the amended return
1040 Child Tax credit calc is incorrect in expected output
EIC calc is incorrect in expected output

Test # 12

Exceptions

LA Hunting/Fishing License – No amount given paid for SP only \$39 for TP on
input

Test # 13

Exceptions

La Property Insurance Premium is given of \$1500 but this credit and form were
removed for 2009

Sch E total expected is incorrect based on input given

Line 1 \$113520 (matches Fed)

Line 2a \$2100

Line 4a \$12000

Line 4b \$19938

Line 4j \$3908

Total Income \$87590

Output expected of \$69575 leaving difference of \$18015 unaccounted for
in given input. Where is this supposed to flow from?

I appreciate any feedback you can provide on the above issues, since they are preventing the
returns from being able to meet your test requirements for approval.

Test 8:

Jessica is born in 1991. She is a full time college student. There are no expenses for any Federal
education credit. Federal schedule EIC and the script has been corrected to reflect this.

Jessica does not qualify for the Child Tax Credit. Tammy and Sammy are the only ones that
qualify.

The script has been corrected for this typo

The routing number has been corrected.

Test 10:

An Underpayment Penalty is expected with this return.

Test 11:

The child tax credit is correct.

The Earned Income credit is correct.

The amount on line 18 of the 1040a is correct. The deduction is for student loan interest.

Test 12: Script corrected to split the hunting fee between husband and spouse.

Test 13:

Louisiana still has the La. Citizens Credit on line 22.

Line 4B of La. Schedule E is correct at 11927. Both spouses have their own IRA. The worksheet on page 22 of the Louisiana 540 booklet must be calculated.

400-00-4307

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- **\$95 is the correct total amount of donations.**
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- **The script was corrected to show line 6 of the Schedule L is 0.**

La Line 38 is \$5. The script was corrected previously.

I am attempting to get my first transmit to you and have a question about efile specifications. Do you have a published document with specifications for the efile that is transmitted to you? I see the record layouts, but specifically I was looking for documentation that says the order of the forms in the file or how the record should be formatted. My systems person is adding the new School Expense worksheet to the file and is asking where the form should be placed in the file as far as the order, etc. The generic record should be first. The unformatted record order doesn't matter. Typically the state forms come first in the unformatted record and the federal forms follow.

I am working on your PATS test and need some clarification on the School Expense worksheet. Could you please clarify this work sheet for me. Can a dependent have deductions for all 3 deductions ? Or are they limited to only 1 deduction out of the 3 with a cap of \$5000 per child?

A child can qualify for all three deductions, the total of which is limited to \$5,000 per child.

I have a question regarding EF for this form. If a child attends more than one school and maxes the credit out on the first school should the information for the second school print in the record.

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Would a dependent need to be on the taxpayer's 2009 return for her/him to be able to claim the school expense deduction?

The child must be a dependent on the taxpayer's 2009 return **or** must have been claimed on the taxpayer's 2008 return. It is possible that the child may not appear on the 2009 return as a dependent if claimed on the 2008 return, particularly if the father and mother have been granted a divorce and the terms of the divorce decree stipulate that each taxpayer is allowed to claim the child as a dependent on alternate years.

Where can I find the TY2009 tax calculations? I've got the tax tables contained in the instructions, but the calculations look like they have changed.

The tax computation for residents are on the Software Developer website under Form R-6200.

Do you want to receive 3 characters for these codes? Or is 2 acceptable? You are only allowing numerics. This affects at a minimum test 2 of the cert package.

The record layouts allow N and a length of 12 for all of these fields. See the instructions they are 3 digits and all have an alpha character at the end.

The below is examples of the 540. Same goes for the 540B.

Instructions for Schedule E – Adjustments to Income

Line 1 – Print the amount of your Federal Adjusted Gross Income. This amount is shown either on your Federal Form 1040EZ, Line 4; OR your Federal Form 1040A, Line 21; OR your Federal Form 1040, Line 37. If the amount is less than zero, print zero "0."

Line 2 – Tax-exempt interest and dividend income reported on your federal return are taxable to Louisiana if ALL of the following conditions are met:

- You are filing as a resident of Louisiana.
- The interest or dividend income is received from obligations of a state or political subdivision of a state other than Louisiana.

CODE

01E – Interest and Dividends on US Government obligations that are included on Schedule E. Include amounts received from obligations that are identified as income from investments in obligations. If the amount is not included on Schedule E and cannot be excluded.

02E – Louisiana State Employees' Retirement System. Amount of retirement benefits received.

Schedule E (Adjustments to Income)				
0625	Numeric Field 56	12	N	Line 1 - Federal Adjusted Gross Income
0630	Numeric Field 57	12	N	Line 2 - Interest Income & Dividends from other states and their political subdivisions
0635	Numeric Field 58	12	N	Line 2A - Recapture of Start Contributions
0640	Numeric Field 59	12	N	Line 3 - Total Additions (Line 1 + Line 2)
0645	Numeric Field 60	12	N	Line 4A - Credit Description Code
0650	Numeric Field 61	12	N	Line 4A - Credit Amount

We are expecting the code only. (Example: 01)
Just the digits – so 01E would come in without the E.

Question regarding **LA Nonrefundable Child Care Credit Carried Forward from Previous years**. In R.S. 47:294.4, it says the credit can be applied to the taxpayer's tax liability and any unused amounts can be carried forward for up to five years. Yet the instructions for 540 Line 12C, says Nonrefundable Child Care Credit carried forward from 2005 through 2008. This is four years not five as the law indicates. It goes on to specifically exclude 2004 Nonrefundable Child care Credit Carryforward from the amount on Line 12C.

So can the unused **Nonrefundable Child Care Credit** be carried forward 4 or 5 years??

Any additional information you can provide would be great appreciated.

The credit under R.S. 47:297.4 (B)(2) provides that the credit earned cannot exceed five years.

(2) If the credit against Louisiana income tax for resident individuals whose federal adjusted gross income is greater than twenty-five thousand dollars exceeds the amount of such individual's tax liability for the taxable period, then such excess tax credit

may be carried forward as a credit against any subsequent tax liability of such individual imposed by this Part for a period not exceeding five years.

Since the first year of the credit in which the credit is earned, the carry forward provision lasts for the next 4 years. At the end of the 5th year in which the credit could be applied, the credit will expire. Thus, if the credit was earned in 2005, the first year of the credit, an amount could be utilized. If the credit is not fully utilized, the credit would be applied as such:

Year 2	2006
Year 3	2007
Year 4	2008
Year 5	2009

With regards to the taxpayers who file federal Form 1040NR, can the Louisiana accept the LA returns electronically?

I do not know if we would accept a 1040 NR. As far as LA is concerned, though, the taxpayer will be required to file a resident return if he lived here more than six months, R.S 47:31 (1). We will accept the LA return electronically. Please contact me if additional information is needed.

I have further questions on this.

Do you think Louisiana return should be efile state only as federal can't be efile because it is 1040NR?

Do they have to fax/mail the federal attachment to state of Louisiana?

The La return can be sent as state only. Attachments can be e-faxed to (225) 231-6221.