2019 Filing Season - Individual Income Tax Processing
Commissioners of the Revenue

It’s very important that you click here and review ALL TARP Processes, Tasks, User Guides and Job Aids.

If you have any questions or uncertainties regarding the procedures, please contact us before you take any actions that might result in errors. We’ve provided a contact list on page 4.

WHAT’S NEW for 2019?

Accelerated Refunds

- Reestablishment of the accelerated refund program is a major highlight for the upcoming filing season.
- As a result, we have added LAR and DLAR bubbles to the Form 760 at the bottom of page 1. Localities will use these bubbles to indicate if an accelerated refund was accepted or if it was denied.
- Also, we are reinstating the colored Group Control Documents for accelerated refunds (green for accepted, pink for denied)
- Specific references to changes made for the accelerated refund program include:
  - Form Local AR-Green, On-Line Accelerated Refund--Accepted Group Control Document. NEW to Locality TARP for Tax Year 2018.
- Task: Transmit Returns to Virginia Tax
  - Added a SPECIAL NOTE to ensure that each bundle of documents is accompanied by one of the following: LAP-SORT 1 or LAP-SORT 2 or LOCAL AR-GREEN/On-Line Accelerated Refund --ACCEPTED Group Control Document or a LOCAL AR-PINK/On-Line Accelerated Refund --DENIED Group Control Document.
  - Added additional references to the LOCAL AR-GREEN Group Control document and LOCAL AR-PINK Group Control document as a type of identifying group control document that may be on top of a bundle of documents.
- All procedures for accessing and utilizing the Accelerated Refund program are outlined in TARP, as well as Chapter 13 in the Locality IRMS User Guide.
New Virginia “Schedule A” Form, and a New Additional Screening Code to Use if it is Missing.

- “Schedule A” is required for taxpayers claiming the itemized deduction (Line 10 on Forms 760 and 763, Line 11 on Form 760PY).

- If these lines show an amount and the VA Schedule A is missing, code the return **SA**.

**Schedule ADJS – New Supplemental Schedule (Paper Returns Only)**

- For paper return filers with additions, subtractions, or deductions that exceed the number allowed on Schedule ADJ, use the new Schedule ADJS for 760’s and 763’s, or Schedule PY ADJS for form 760PY.

- Include the total from the supplemental schedule in the total reported on Schedule ADJ.

- This new process applies to individual returns filed on paper: Forms 760, 763, 760PY.

**CRITICAL PROCEDURES**

**Understanding Group Control Documents**

- Use the correct Group Control Document based on the documents being processed.

**Understanding LAP-Sort Forms**

- LAP-Sort 1 Forms should be used only for returns that have been screened by the locality and will be processed as LOCAL filed.

- Documents in a LAP-Sort 1 group should be of the same form type, timely (or late), and refund (or tax due). Document “types” should not be commingled.

- LAP-Sort 2 should be used for documents that will not or cannot be processed by the locality. These documents will be processed as DIRECT filed by Virginia Tax.

- Do not use old outdated LAP -Sort forms – check your inventory and discard old forms – see the latest versions of all Lap-Sorts in TARP.

- Do not staple Lap-Sort forms to returns

- Review **TARP Job Aid: Locality Screening Code Matrix – Tax Year 2018** for all Screening Codes and Screener actions.

  - Review **TARP Processes: Screen Local Filed Returns -Tax Year 2018**.

  - Review **TARP General Screening Tasks** for all forms.

  - Review **TARP Detailed Screening Tasks** for each specific form.

**Handling Tax Returns**

- Write the postmark date on every return filed after May 1, 2019.

- Do not combine different types of returns within the same bundles, such as refunds with taxes due, or 2D bar code returns and vendor computer-generated returns.
• Do not cut down envelopes to where only the postage stamp is showing. We need the whole front of the envelope for scanning purposes.

• Know when and how to alter a 2D barcode return – for example, when the only change to the return is to add additional Penalty and Interest, do not alter. (TARP - General Screening of Individual Income Tax Returns – Tax Year 2018, Procedure Step 12.)

CRITICAL REMINDERS:

• Send all tax returns to Richmond weekly – do not hold any returns for any reason.

• Use Form 759 and Procedures for all types of Penalty and Interest calculations, to include Extension penalties, Late Filing penalties, and Late Payment penalties.
  • Examples of “counting months”
  • When to start interest
  • Using the cumulative interest factors

• Processing tax due returns

• There are a couple of recurring issues where duplicate assessments are generated, one by the locality and one by Virginia Tax, in cases where the locality receives a return with payment, where the return MAY have already been e-filed, and when an orphaned payment is received in the locality for a tax due return that may have been e-filed. (This was covered in last year’s training, but we’re repeating it as the issues continued last filing season.)
  o Orphan Payment:
    ▪ We discovered cases this year where taxpayers e-filed their returns, and then went to the Commissioner of the Revenue’s Office to pay. The COR’s office accepted the money, deposited it, and did not let Virginia Tax know. Then the taxpayer received a bill because the local payment did not match to a direct filed/e-filed return.
    ▪ We recommend that before you accept a payment from a taxpayer without the return, do not assume it was a paper filed return, but instead please check Advantage Revenue to see if the taxpayer did in fact e-file his/her return. If they did, the payment needs to be sent to Virginia Tax on a form PMT as direct filed to keep the taxpayer from being billed.

  o Payment Received with a Paper Return:
    • Exonerations continue to be necessary due to duplicate billings.
• Remember last year that we introduced a new INDICATOR, XXXXX, which denotes that the return was prepared for e-file submission. These are potentially found on the 760, 760PY, 763, and 770.
  o Commissioners of the Revenue should not process computer-generated versions of these forms bearing the indicator. You should forward the form to Virginia Tax with a LAP-Sort 2 form to be handled as DIRECT.

• Pay attention to which payment voucher to use when sending in a direct filed payment to Virginia Tax.

  • Use the 760-PFF to process Farmer/Fisherman Payments due by Postmark March 1, 2019.
  • Use the 760-PMT for individual tax return payments that are due May 1.
  • If the return has been e-filed, you must treat the payment as a direct file payment and send it in on a 760PMT as direct filed (or 760-PFF if farmer/fisherman).

• Make sure the tax due amount is filled in on Line 37 of the 760 Handprint/Fillable form. If line 37 is left blank, Virginia Tax will bill for the whole tax due amount regardless of whether the taxpayer has paid you or not.

• Use Form 759 for every tax due return that is locally processed where the tax due amount is $4.50 or more.

• Please use RED pens/ink for any markings you are making on tax returns.

CONTACTS (please use email unless it’s an emergency)

Nicole Oxendine  Document Processing, Team Lead
Nicole.Oxendine@tax.virginia.gov
804.367.2042

Lisa Greene  Document Processing, Operations Supervisor
Lisa.Greene@tax.virginia.gov
804.367.8216

Howard Overbey  Document Processing Manager
Howard.Overbey@tax.virginia.gov
804.367.1129