

2020 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 2020?

Virginia Form Changes (760, 760PY and 763)

- 2019 Virginia Tax forms 760, 760PY and 763 will all drop 2 lines going from 38 to 36 lines.
- The line number references in the TARP tax return screening procedures have been updated to reflect these changes.

Accelerated Refunds

- Effective 01/01/2020, the threshold for accelerated refunds has increased from \$500 to \$1,000.
- FYI, as part of Virginia Tax's refund fraud verification program, accelerated refund **returns**, will be reviewed during processing. This may require taxpayers to submit additional documentation directly to Virginia Tax even after the refund has been issued.

Virginia "Schedule A" return screening changes

- Effective 01/01/2020, "Schedule A" is **still** required for taxpayers claiming the itemized deductions (Line 10 on Forms 760 and 763, Line 11 on Form 760PY), but there is no longer a requirement to screen and code returns **SA** if the form is missing. Once the return is processed by Virginia Tax, the automated system will identify the missing document and generate a letter to the taxpayer.

Virginia Form 770 "split year" filing requirements

- Taxpayers have the opportunity to file a split-year Estate or Trust return if they do not meet the definition of a "resident estate or trust." With this filing situation, taxpayers are required to file a Form 770 return with the "Split Year" box checked and attach two pro forma Form 770 returns: one with the "resident" box checked and a second return with the "non-resident" box checked.
 - If a taxpayer files a current year Form 770 return, with or without remittance meeting this filing situation, the three returns **should not be processed locally**.
 - Current year Form 770 returns with this filing situation should be sorted as a Category 7, bundled with a Lap-Sort 2 form and sent to Virginia Tax for *direct* file processing.

New “Quick Reference” job aids

- Job aids for Forms 760, 760PY, 763, and 770 were created as a reference for screening and should be used in conjunction with the associated detailed TARP procedures. They should not be used as substitute training documents.
- The documents are located in the Job Aids section of TARP via this link: [“Quick Reference”](#)

CRITICAL PROCEDURES

Accepting and Processing Returns

- Verify the Locality Code on returns before processing.
 - If the taxpayer doesn’t reside in your locality/locality code is not yours, **DO NOT PROCESS** the return. Forward the return *with any associated payments* to Virginia Tax as *direct*.
- Try and minimize the number of staples used. Excessive staples cause tears when removed.
- Write the postmark date on **every late** return filed (postmarked) after May 1, 2020.

Locality Indicators

- **ALWAYS USE RED INK!!**
- Ensure the correct oval bubble/line is selected at the bottom of page 1 of the tax form.
 - **LTD** indicates that the locality will deposit any payment or take responsibility for billing.
 - \$_____ line indicates the amount collected/deposited with the return. If no payment was received with the return but the locality will take responsibility for collecting, use a “\$0” amount on this line.
 - **LAR** indicates that an accelerated refund was keyed and **accepted**. (Form 760 only)
 - **DLAR** indicates that an accelerated refund was keyed but **denied**. (Form 760 only)
 - **DTD** this is **not for locality use**, leave blank.

Accelerated Refunds

- Ensure the correct color Group Control Document is used for returns keyed as an accelerated refund. An additional Lap Sort document is not required when using the green or pink Group Control Document.
 - **Green for accepted**
 - **Pink for denied**
- 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](#).

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.
 - This includes refund returns and tax due returns where payment has been collected and/or if the locality will bill.
 - 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.
 - A LAP-Sort 1 form is not required when using a pink or green accelerated refund Group Control Document.
- [Lap Sort 2](#) forms should be used for documents that will not or cannot be processed by the locality, including any payments. These documents will be processed as **DIRECT** filed by Virginia Tax.

CRITICAL REMINDERS

- Send all tax returns to Richmond weekly – do not hold any returns for any reason.
- **DO NOT** use the uncollectible process as a method to remove local tax due balances that have been paid directly to Virginia Tax. The correct procedure is to process an Exoneration request to remove your locality's tax due liability.
- Make sure the tax due amount is filled in on **Line 35** of the 760 Handprint/Fillable form. **If left blank, our systems 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 **more than \$4.50** and for penalties and interest calculations.

Penalties and Interest

- Use the TARP procedure *"Calculate Penalty and Interest for Individual Income Tax Returns"* in correlation with completing [Form 759](#) for late filing penalties and interest.
- Please do not write in any additional penalties and interest on the computer generated **Form 760CG**; instead, use the Form 759 for this information.

Payment Received without a Paper 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 IRMS to see if the taxpayer did in fact e-file his/her return.
 - If the return has been e-filed, the payment needs to be sent to Virginia Tax with a form PMT voucher as **DIRECT** file to keep the taxpayer from being billed.

Payment Received with a Paper Return

- Remember that the **XXXXX** indicator denotes that the return was prepared for e-file submission. This indicator may potentially be found on the 760, 760PY, 763, and 770.
 - Commissioners of the Revenue should not process returns bearing the indicator. Forward the return and associated payment, if applicable, to Virginia Tax with a [LAP-Sort 2](#) form to be handled as **DIRECT**.

CONTACTS

NOTE: Please use email unless it's an emergency but ensuring "safeguarding taxpayer information" guidelines are followed. These contacts are for processing only and should not be shared with the public. Localities should contact customer service at 804.367.9286 for taxpayer specific issues.

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