

Process e-File Returns in the Locality

Process

[PROCESS RETURNS ELECTRONICALLY IN THE LOCALITY - TAX YEAR 2023](#)

Effective Date

01/01/2024

Purpose

The purpose of this task is to explain how to file a customer's tax year **2023** return using the e-File application. Using e-File is a means of electronically submitting tax return data using software that is processed through the Internal Revenue Service's (IRS) joint federal/state e-File program. It is intended to increase filing efficiency and decrease the cost of processing tax returns.

Special Notes

- Customers will receive their refund via 2 methods: (1) Direct Bank Deposit to their checking or savings or (2) paper check.
- Localities must be authorized to e-File individual income tax returns before beginning this task.
- **E-Filing can only be used for walk-in customers as the customer must be present during the e-filing of the income tax return.**
- e-File System
 - e-File supported software requires the capability to **scan and attach** documents that are referred to as Binary Attachments. These documents are PDFs and require a specific naming convention as detailed in the Handbook listed below. Please note, software providers may or may not support Binary Attachments. If the commercial software used by the local office allows the attachment of supporting PDFs, generally the software will provide specific instructions on this process to ensure the proper identifiers are assigned to each PDF, where necessary, for data integrity.
 - When returns and scanned attachments are not submitted through e-File software, the paper return can be processed. In certain cases, the taxpayer may efile a return, but Virginia Tax may send documentation to the taxpayer requesting documentation.
 - This task applies to e-Filing **current** year income tax returns only.
- efiled state income tax returns are counted as prepared and filed by the local office i.e. they are considered "local-filed"
- Returns **do not** need to be screened prior to preparing for e-filing.
- Each local office must decide if they want to:
 - Prepare the customer's federal and state income tax returns and electronically file both the federal and the state return OR
 - Prepare the state income tax return and electronically file both the federal and the state return OR
 - Prepare and file only the state tax return (if the software supports "state only" e-File)

- Returns/schedules that **can** and **cannot** be efiled:

CAN EFILE

- Customer **is** present
- Current year tax return only
- Virginia Form 760
- Virginia Form 760PY
- Virginia Form 763
- Virginia Form 770

NOTE: Electronic filing of Form 770 may not be supported by all software packages/versions of software packages.

- Virginia Schedules ADJ, FED, OSC, CR, VAC and Virginia Schedule A.
- Virginia Schedule CR credits requiring attachments - **IF** the e-File software **does support** Binary Attachments
- Credits for taxes paid to another state - **IF** the e-File software **does support** Binary Attachments

NOTE: When required supporting state returns are not included with the Virginia return, IRMS will send a letter to the customer requesting this information. This may cause a delay in the processing of a customer's refund while awaiting supporting documentation.

CANNOT EFILE

- Customer **is not** present
- Prior year tax return
- Amended return
- Withholding reported on Form 4852, Substitute W-2 or Substitute 1099-R

Procedure

Responsibility

Locality Representative

Steps

1. Receive the paper return or return documents from the customer in your office.
2. If the return **cannot** be efiled, end this task and process a paper return to be sent to Virginia Tax after it is screened in your office. (Please refer to PROCESS: [SCREEN LOCAL FILED TAX RETURNS - TAX YEAR 2023.](#))
3. Efile the customer's return.
 - A. Access the e-File software.
 - B. Enter the customer's return information.

NOTE: Returns requiring Binary Attachments will require documents to be scanned during this part of the process.
 - C. If the customer brought in a completed paper return, you may want to verify that the bottom line of the e-File return equals that on the customer's paper return.
 - 1) If the bottom line does agree, continue to **STEP 6D**.
 - 2) If the bottom line does not agree, check that you entered the information accurately or resolve the problem with the customer.
 - D. If the return is a **tax due** return, encourage the customer to use Direct Debit or Credit Card.
 - 1) If paying via Direct Debit or Credit Card,
 - a. Handle according to the e-File instructions for that payment method.

- b. Go to **STEP 7**.
- 2) If paying via **Check**, submit the customer's payment to Virginia Tax.
 - a. Complete the appropriate payment voucher.

NOTE: Forms 760, 760PY, 763, and 770 require a payment voucher when paying via check. Generally, the software package will print the appropriate tax due payment voucher based on the form type. Beginning in Tax Year 2018, Virginia Tax required that a Form 770PMT accompany all Form 770 tax due payments

 - i. If Farmer/Fisherman/Merchant Seaman **IS** claimed, complete a Form **760PFF** payment voucher.
 - ii. If Farmer/Fisherman/Merchant Seaman **IS NOT** claimed, complete the Form **760PMT** payment voucher.
 - iii. If processing a payment for Form 770, complete a Form **770PMT** voucher.
 - b. Staple the check or payment to the payment voucher.

NOTE: Disregard the payment voucher instruction "please do not staple" as that instruction is meant for customers only.
 - c. Send the items to TAX as a LAP-Sort 2 item per your regular mailing procedures.

NOTE: The payment should be handled as a **Direct Filed** item.
Please refer to FORM: [LAP-Sort-2](#). Please refer to PROCESS: [TRANSMIT LOCAL FILED RETURNS TO VIRGINIA TAX](#)
 - d. Go to **STEP 7**.
- E. If the return is a **refund** return,

NOTE: Customers can be encouraged to use Direct Deposit to reduce the wait time associated with receiving a refund.

 - 1) Select the appropriate refund method.
 - 2) If refund is via **Direct Deposit**, enter the bank account information.
- 4. Print the completed e-filed return(s), depending on whether federal and/or state returns were filed for the customer.
 - A. Give the paper return to the customer.
 - B. **Advise the taxpayer to keep the paper return in their records.**

NOTE: The taxpayer should NOT send this paper copy of the return to TAX. The taxpayer should retain the paper copy for his/her records.
- 5. Complete Form 8879, *Virginia Individual Income Tax e-File Signature Authorization Form*.

NOTE: Depending on the software package used by the locality, Form 8879 may be printed as part of the taxpayer's return package. A flat version of **Tax Year 2023** Form 8879 may be obtained at the following [link](#).

NOTE: An electronic signature or electronic stamp for the signature is acceptable.

 - A. Retain this form in the local office for three (3) years.

Please refer to JOB AID: [Guidance on Safeguarding Confidential Customer Information](#).
- 6. Submit the return.
- 7. Retrieve the e-File acknowledgment.

NOTE: The e-File acknowledgment may take up to 48 hours before it is made available.

 - A. If the return was accepted, continue with the next return.
 - B. If the return was not accepted,
 - 1) Correct and resubmit the return **OR**
 - 2) Process the return through paper processing.

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