

# Screen Form 760PY - Tax Year 2023

## Process

[SCREEN LOCAL FILED TAX RETURNS - TAX YEAR 2023](#)

## Effective Date

01/01/2024

## Purpose

This task is performed to ensure the **Tax Year 2023** Form 760PY is complete and that informational screening codes are on the return. This task is performed by representatives in the Commissioner of Revenue's Office. This task covers screening of Form Type 760PY in the following categories.

- **Category 3:** Tax Due return received with or without payment
- **Category 4:** Refund returns

General screening and detailed screening are completed at the same time. (Refer to TASK: [General Screening of Individual Income Tax Returns - Tax Year 2023.](#))

## Special Notes

In Tax Year **2018**, an indicator was placed on printed copies of current year **760PY** returns that were prepared for eFile submission. If current year **Form 760PY** return documents bearing this indicator are identified by staff in the Commissioner of the Revenue's Office, these documents **should not** be processed locally. They should be sent to Virginia Tax for **DIRECT** processing. Failure to identify these documents may result in the returns being processed locally and erroneous assessments created as a result.

Placement of the indicator **XXXXX** on Form 760PY is shown in the bottom right portion of the document below Line 12, Column A as shown below.

The screenshot shows a portion of the Form 760PY. Line 12 is labeled '12 If you do not claim itemized deductions on Line 11, enter standard deduction from Standard Deductions Worksheet in instructions.....'. The value '00' is entered in the first box, and '00' is entered in the second box. Below the line, there is a section for 'Local Use' with an 'LTD' checkbox, a dollar sign followed by a blank line, and a series of five empty boxes. To the right of these boxes, the text 'XXXXX' is printed, with a black arrow pointing to it from the right.

## Verification of Completed Bubbles/Boxes at the Bottom of Form 760PY

- Local Tax Due Returns
  - A **RED** pen should be used when making payment notations on the bottom of a tax due return.
  - The LTD bubble should be filled in/an "X" should appear on the LTD line.
  - The associated payment amount should be entered on the \$\_\_\_\_\_ line.

- Each bundle of documents received should contain only **one** Category and **one** Form type. **Do not mix types of documents.**
- The return is "coded" by writing required screening codes in the bottom right corner of Page 1 of the return.
- Making extensive changes to the return will result in processing delays and may cause errors.
- To assist a customer needing extensive changes, prepare a new 760PY return and obtain the customer's signature. Give the original 760PY return back to the customer because including it behind the correct return may cause processing problems and errors.
- Federal Form 1310, *Statement of Person claiming Refund Due a Deceased Taxpayer*, may be attached to the return.

**Special Filing Situation: Form 760PY and Form 763 filed in the same tax year by a customer:**

- As outlined in the General Screening Task, after validating the withholding, the screener should calculate the total withholding amount.
- A portion of the withholding should be applied to one of the returns, as applicable, to **zero out** that return's tax liability. The remaining amount of withholding, as applicable, should be applied to the **second** return.
- A **highlighted note** should be made prominently in the left margin of each return referencing the dual filing.
  - On the 760PY return, the note should state that a Form 763 return was filed by the taxpayer.
  - On the 763 return, the note should state that a Form 760PY was filed by the taxpayer.
  - The 760PY return should be processed as outlined in this task.

## Procedure

### Responsibility

Commissioner of the Revenue's Office Locality Representative

### Steps

1. Obtain a return to be screened.
2. Determine if the Computer-generated current year 760CG bears the **XXXXX** eFile indicator on it.
  - A. If the return shows the **XXXXX eFile indicator** denoting that the return was prepared for e-file submission,
    - 1) Draw a bold line through the entire **XXXXX eFile indicator** using a yellow highlighter.
    - 2) Place the return aside to be sent to Virginia Tax for **DIRECT** processing.
  - B. If the return doesn't show the **XXXXX e-file indicator**, go to **STEP 3**.
3. Determine if the Locality Code field is complete and if the taxpayer resided/resides in your locality.
  - A. If the Locality Code field is complete and the taxpayer resided/resides in your locality, go to **STEP 4**.
  - B. If the Locality Code field is complete **BUT the taxpayer resided/resides in another locality**, place the return aside to be sent to Virginia Tax for **DIRECT** processing.
  - C. If the Locality Code field is blank, write in the **FIPS** code associated with the city or county shown in the taxpayer's address.
 

**NOTE:** The Locality Code of "300" is designated when no city/county location is supplied by the customer.
4. Determine if the Federal Tax Return is attached.
  - A. If the Federal Tax Return is attached, go to **STEP 5**.
  - B. If the Federal Tax Return is not attached,
    - 1) Code the return "**FX**".
    - 2) Go to **STEP 5**.

5. Screen for Federal Form 1310.
  - A. If Federal Form 1310 is attached, code the return "**DX**".
  - B. If Federal Form 1310 is not attached, go to **STEP 6**.
6. Screen the dates of residence in Virginia.
  - A. If one "From" and one "To" date is provided for each customer, go to **STEP 7**.  
**NOTE:** Special coding for the "Move In" and "Move Out" dates is not required.
  - B. If the customer has provided only the month and year, line through the taxpayer date and write in the month/day/year using **15** for the day (MM/**15**/YY).
  - C. If there are two sets of dates because the customer moved in or out more than once in the year,
    - 1) Determine the total number of days the customer was in Virginia.
    - 2) Line through the dates provided by the customer.
    - 3) Write a new "From" and "To" date that will indicate the total number of days in Virginia.  
**NOTE:** IRMS can accept only one (1) "From" and one (1) "To" date for each customer.
7. If the Farmer, Fisherman, and Merchant Seaman checkbox is checked, code as follows:
  - **Return filed on or before April 15, 2024-** code "**IX**".
  - **Return filed after April 15, 2024-** code "**UX**".
8. Ensure that the "Prorated Exemption Amount" on Line 13 is correct.
  - A. Review the "Ratio Schedule for Prorating Personal Exemptions". (Please refer to JOB AID: [760PY Ratio for Prorating Personal Exemptions.](#))
  - B. Find the ratio multiplier on the schedule for the Primary customer's move in or move out date.
  - C. Multiply the ratio multiplier by the "Total Exemptions" amount for the Primary customer.
  - D. If the "Prorated Exemption Amount" is NOT correct, line through the incorrect amount and write in the correct amount.
  - E. Repeat **STEPS 8B - 8D** for the Secondary customer, if applicable.
9. Review for Credit for Tax Paid to Another State.
 

**NOTE:** The credit is claimed on Line 24 of Form 760PY with the details listed on Schedule OSC.

  - A. If the Credit is not claimed, go to **STEP 11**.
  - B. If the Credit is claimed AND it other state's tax return **is included**, go to **STEP 10**.
  - C. If the Credit is claimed AND the other state's tax return is **not included AND**
    - 1) If the total credit is less than \$500, the other state's income tax return is not required
    - 2) If the total credit is equal to or greater than \$500, code "**MX**".
10. Review Schedule OSC credit amount(s) and Form 760PY net tax amount.
  - A. Add the credit amount(s) from Schedule OSC Lines 10 and 20 for each state that does NOT have a line drawn through the Income Percentage.
  - B. Compare the computed Schedule OSC addition total to Line 18 of Form 760PY.
    - 1) If Line 18, Form 760PY is **larger** than the addition total, go to **STEP 10**.
    - 2) If Line 18, Form 760PY is **smaller** than the addition total, line through the Income Percentage on Schedule OSC for one or more state credits until the total allowable credit amount equals **less** than Line 18, Form 760PY.  
**NOTE:** This action will cause the return to be presented to a Virginia Tax Representative for correction and resolution during automated processing.
11. Determine if Form 760C or 760F is included.
  - A. If Form 760C or 760F **is not** included, go to **STEP 12**.
  - B. If Form 760C or 760F **is** included, code "**CX**".
12. Place the return aside in one of the following stacks.
  - **Timely** Farmer, Fisherman, Merchant Seaman returns
  - **Late** Farmer, Fisherman, Merchant Seaman returns

- All other returns  
**NOTE:** Farmer, Fisherman, and Merchant Seaman returns are identified and noted separately as **Timely** or **Late** for transmittal to Virginia Tax to ensure special handling.
13. Repeat **STEPS 2 - 12** until all returns have been screened.
  14. Gather the stacks of screened 760PY returns.
    - A. Secure each bundle with a rubber band or paper clip when there are too few returns to be rubber banded.
    - B. Place the completed bundle in the designated location for transmittal to TAX. (Refer to PROCESS: [Transmit Local Filed Returns to Virginia Tax.](#))

## Publication Date

12/01/2023