



New York State
Department of
Taxation and Finance

New York State Handbook for E-Filers of Fiduciary Income Tax Returns

Tax Year 2011



Table of Contents

Table of Contents

| | |
|---|----|
| Introduction..... | 3 |
| Changes for tax year 2011..... | 4 |
| Program participation..... | 5 |
| Testing and certification..... | 6 |
| Part I:E-file IT-205 returns..... | 7 |
| Transmission and acknowledgements of electronic returns..... | 7 |
| Exclusions from e-file..... | 8 |
| Responsibilities of program participants..... | 9 |
| Appendix..... | 10 |
| Contact information..... | 10 |
| IT-579.2-IT,Declaration for E-filing of Fiduciary Income Tax Returns..... | 11 |
| List of Reject Codes..... | 12 |

Note:

For **software developers** – File Format and Record Layouts are available in separate documents on our website

1. Return and Acknowledgement Record Layouts

Introduction

The New York State (NYS) Department of Taxation and Finance offers the following *e-file* programs for fiduciary returns and payments:

1. Form IT-205, *Fiduciary Income Tax Return*, through the IRS Federal/State E- file program. Includes ACH for balance due and direct deposit for refunds.
2. Electronic payment voucher through NYS's program for:
 - A. Form IT-205 balance due
 - B. Form IT-2106, *Estimated Income Tax Payment Voucher for Fiduciaries*

Note: Payment option 2 enables a large Fiduciary filer, such as a financial institution, to make one payment covering many accounts. Individual Fiduciary filer should use the Electronic Funds Withdrawal (ACH debit) option to pay the balance due on an *e-filed* IT-205.

See Pub 90-B for more information

E-filers may participate in all the programs above.

1. Double entry of bank account information

When bank account information (account number and routing number) is being entered for the first time, we require that the information be entered *twice*.

- This improves accuracy by requiring the taxpayer to double check their account information.
- This reduces the number of DDRs and EFWs being returned by the taxpayer's bank.
- Taxpayers are now required to enter the type of account they will be using Personal or Business for electronic funds withdrawal or direct deposit

Program participation

All preparers, software developers and e-service providers may participate in NYS's fiduciary *e-file* programs. NYS will accept *e-file* returns only from approved software providers or transmitters.

New applicants

New applicants (fiduciaries, software providers, and transmitters) to the IT-205 *e-file* program or the electronic payment voucher program should contact the *e-file* Help desk at 518-457-6387. The *e-file* unit will send new applicants a form to obtain the necessary applicant contact, e-file program and electronic payment program information.

Current participants

Current participants in NYS's IT-205 *e-file* program or the electronic payment voucher program should notify the *e-file* Help desk at 518-457-6387 when there is a change to the contact and program information initially provided.

Testing and certification

IT-205 *e-file* program: Software developers and transmitters must submit a state test file for New York in conjunction with federal testing before submitting live data each year. Filers using NYS-approved software are not required to test.

Contact the *e-file* Help Desk at 518-457-6387 for information about testing and certification.

E-file of fiduciary returns is offered through the IRS Federal/State *e-file* program. Refer to IRS Publication 1437 and Publication 1438 for IRS requirements. Under this program, state and federal returns are transmitted together to the IRS. The IRS acts as a conduit for the state data, making the state returns available for NYS to retrieve, if the federal returns are accepted by the IRS. Each state return must be transmitted with an associated federal return.

NYS's fiduciary *e-file* program accepts the filing of Form IT-205, *Fiduciary Income Tax Return*, during the period when the federal returns may be filed.

Transmission and acknowledgment of electronic returns

A NYS return must be transmitted with its associated federal return to the IRS. Transmitters must comply with all transmission procedures, communication requirements, and technical specifications required by the IRS and NYS. NYS will retrieve the state returns after the IRS has verified and accepted the federal and state electronic return packet. The IRS performs certain checks on state record format. If the return packet is rejected, the IRS will not provide the state return to the state. The IRS “accepted” acknowledgement only indicates to *e-filers* that the IRS has accepted the federal return and that the state return has passed certain checks. It is not an indication that NYS has “accepted” the return.

State acknowledgments

NYS will provide acknowledgments for every return received. Please note that NYS's acknowledgments are not batched the same way as the IRS acknowledgments. NYS will send acknowledgments to the IRS where transmitters can retrieve and forward to the filers.

Transmitters should contact NYS if they don't receive the state acknowledgments within three business days after they have received the IRS acknowledgment. Problems and inquiries should be directed to the NYS e-file Help Desk at 518-457-6387.

Rejected returns

Since a NYS return must be transmitted with its associated federal return to the IRS, if the IRS rejects the return, both the federal and state returns are rejected; the IRS will not provide the state return to the state in this case. Fiduciary filers may correct the IRS rejected returns and retransmit both the federal and NYS returns, or they may elect to file the returns using paper forms. If NYS rejects a state return after the associated federal return has been accepted by the IRS, the state return must be filed on paper since it cannot be retransmitted without its associated federal return.

Refer to the list of reject code in the appendix for details.
Exclusions from *e-file*

The following may **not** be *e-filed*:

- Amended returns
- Returns for part-year residents of New York State, New York City, or Yonkers
- Returns claiming credits on line 10 (non-refundable state credits) or line 33 (Refundable state credits), or returns with credits attached (such as the following examples: Form IT-205-A, IT-205-T, IT-230, IT-217, IT-219, IT-220, IT-1099-UI, or Y-206)
- Returns with a power of attorney currently in effect in which the refund is to be sent to the third party
- Returns with any correspondence requesting special consideration or procedures
- Fiscal year returns ending during any month after June 30 of the current Processing year
- Trust meets condition of Section 605(b)(3)(D)
- IT-370-PF

Responsibilities of program participants

In addition to this handbook, all NYS *e-filers* must comply with the procedures, requirements, and specifications set forth in IRS [Publication 1437](#), *Procedures and Specifications for the 1041 e-file Program*, and IRS [Publication 1438](#), *File Specifications, Validation Criteria and Record Layouts for the Electronic Filing Program for Form 1041*.

Failure to adhere to NYS or IRS procedures may result in suspension from the fiduciary *e-file* program. If suspended, the program participant may not *e-file* returns for the remainder of the current processing year, or during the subsequent processing year. After this period, the suspended program participant must re-apply to NYS in order to participate. A fiduciary filer suspended from the IRS program will not be able to *e-file* returns with NYS.

Fiduciary filers are responsible for meeting both the electronic and non-electronic filing requirements of the program. The following identifies the electronic and non-electronic information required to be filed.

The electronic portion of the return consists of:

- Form IT-205, *Fiduciary Income Tax Return*
- Information from all federal schedules requested to support entries on Form IT-205

The non-electronic portion of the return consists of:

- Form TR-579.2-IT (e-file signature authorization form) and attachments

Information fiduciary filers must retain

Fiduciary filers must retain documentation of all completed forms and schedules filed for the estate or trust. This documentation may be on official NYS forms, on facsimiles of official forms, or on participant-designed forms that are cross-referenced to the line numbers on the official forms. Documents to be retained are:

- Copy of form IT-205 return
- Form TR-579.2-IT (e-file signature authorization form)
- Any documents that require signatures
- Any documents filed that are not NYS forms or schedules
- Forms W-2, W-2G, or 1099-R
- Any documents, not required by NYS, that the fiduciary voluntarily included with the return as supporting material

Appendix

Contact information

Department of Taxation and Finance

- Return inquiries: *e-file* Help Desk 518-457-6387

The most up to date version of Form IT-579.2-IT:

**New York State Fiduciary Income Tax (Form IT-205)
E-file Reject Codes (Tax Year 2011)**

| Reject Code | Form | Line | Description |
|--------------------|-------------|-------------|---|
| 0001 | IT-205 | | The EIN of the Trust/Estate is blank or invalid |
| 0002 | | | Tax Period for calendar year filer must = 201112; for fiscal year filer, must = 201201, 201202, 201203, 201204, 201205 or 201206 |
| 0003 | | | Name of estate or trust is blank |
| 0004 | | | Name of fiduciary is blank |
| 0005 | | | Address of fiduciary is blank |
| 0006 | | | City of fiduciary is blank |
| 0007 | | | State of fiduciary is blank |
| 0008 | | | Zip Code of fiduciary is blank or "00000" |
| 0009 | | | Fiduciary PIN (as signature) is required and cannot be all zeros |
| 0010 | | | ERO/Preparer PIN (as signature) is required and cannot be all zeros |
| 0011 | | | Duplicate return – a return with the same EIN has been processed |
| 0012 | | | The box " Trust Meets Condition of Section 605(b)(3)(D) " is checked, Form IT-205 must be filed on paper with the required IT-205C |
| 0020 | | | Software error - the EIN must be the same on the "AHEADR", "BATTCH", "CATTCH", "DATTC" and "EATTCH" records. |
| 0021 | | 7 | NYS amount from IT-230 is excluded from e-file |
| 0022 | | 9 | Allocated NYS tax from IT-205-A is excluded from e-file |
| 0023 | | 10 | Nonrefundable state credits is excluded from e-file |
| 0024 | | 15a, 25 | NYC Resident Tax and Yonkers Resident Tax cannot be both present (a zero value is considered present) |
| 0025 | | 15b | NYC part-year resident tax is excluded from e-file |
| 0026 | | 16 | NYC amount from IT-230 is excluded from e-file |
| 0027 | | 18 | NYC accumulation distribution credit is excluded from e-file |
| 0028 | | 20 | NYC separate tax on lump sum distributions is excluded from e-file |
| 0029 | | 22 | NYC UBT credit is excluded from e-file |
| 0030 | | 24 | NYC minimum income tax is excluded from e-file |
| 0031 | | 26 | Yonkers part-year resident tax is excluded from e-file |
| 0032 | | 27 | Yonkers nonresident fiduciary earnings tax is excluded from e-file |
| 0033 | | 31 | Estimated tax payments allocated to beneficiaries is excluded from e-file |
| 0034 | | 33 | Refundable credits is excluded from e-file |
| 0801 | | | Paid Preparer Name cannot equal "PREPARER" |
| 0802 | | | Third Party Designee Name cannot equal "PREPARER" |
| 0901 | | | Payment for amount owed by Electronic Fund Withdrawal is indicated, but the bank routing number or account number is blank. |
| 0903 | | | Payment for amount owed by Electronic Fund Withdrawal is indicated, but the bank account number is invalid/incorrectly formatted. |
| 0904 | | | Payment for amount owed by Electronic Fund Withdrawal is indicated, but the bank routing number is invalid. |
| 0906 | | | For filing before the Due Date, you cannot request a payment date (payment |

| Reject Code | Form | Line | Description |
|--------------------|-------------|-------------|---|
| | | | for amount owed by Electronic Fund Withdrawal) past the Due Date. Note: for filing after the Due Date, the Electronic Fund Withdrawal will be initiated when the return is processed. You cannot request a payment date past the Due Date; the requested payment date will be ignored. |
| 0908 | | | Routing number cannot equal account number. |
| 0909 | | | We are unable to honor requests for electronic funds withdrawal (or direct deposit) when the funds for your payment (or refund) would come from (or go to) an account outside the U.S.. |
| 0910 | | | Invalid entry of Amount owed |
| 0911 | | | We are unable to honor requests for electronic funds withdrawal (or direct deposit) when the funds for your payment (or refund) would come from (or go to) an unspecified personal or business account |