



**Partnership
Modernized e-File (MeF)
Handbook for
Tax Practitioners for
Tax Year 2016**

The information presented is current as of this publication's print date.
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Introduction

The New York State Department of Taxation and Finance (NYSDF) is participating in the Fed/State Modernized e-File (MeF) program under the IRS MeF architecture. Throughout this publication, you are referred to as the tax preparers/EROs, and we are the New York State Department of Taxation and Finance. This publication should be used in conjunction with IRS Publication 4163, *Modernized e-File (MeF) Information for Authorized IRS e-File Providers for Business Returns*, available at <https://www.irs.gov>. Tax preparers/EROs authorized by the IRS to e-file federal partnership returns are also authorized to e-file partnership returns with NYSDTF. New York State does not require tax preparers/EROs to submit a separate application for New York State e-file, or provide copies of their IRS acceptance letters.

Similar to the IRS 1065 MeF, NYSDTF supports partnership returns for the current year and 2 prior years (tax years 2016, 2015, and 2014).

New for Tax Year 2016

- For tax years beginning on or after January 1, 2016, Forms IT-204 and IT-204-LL must be filed on or before **the 15th day of the third month** following the close of the tax year (now March 15 for calendar year filers).
- Form IT-370-PF now extends the due date for partnerships filing Form IT-204 for six months instead of five. There is no extension of time to file Form IT-204-LL.
- NYSDTF will now accept e-file-supported tax forms as PDFs (see table below). If your software does not support an e-file-supported form electronically you must attach the form as a PDF and carry the proper amounts over as required.
- Changes have been made to Forms IT-204.1 and IT-204-CP, and the associated instructions. Also note for tax year 2016, a partnership with one or more partners that are partnerships or LLCs must now provide both Form IT-204-IP and Form IT-204-CP to these partners and include both documents in their partnership filing. See *Partnership's instructions for Form IT-204-CP* contained in Form IT-204-I.

Forms accepted for New York State e-file for tax year 2016

The following tax forms are supported by NYSDTF Partnership MeF. If a filing contains a tax form that is not included on this list you cannot mail the form to us and e-file the rest of the forms; the entire return and all attachments must be filed on paper. However, please note that you and/or your client may be subject to penalties if the return is subject to the e-file mandate. Preparers should choose software that supports the e-file mandate and your client's e-filing requirements.

Forms IT-204, IT-204-LL, and IT-370-PF are considered *main* forms; each submission must have one and only one main form, and applicable supporting forms.

E-file supported forms for Tax Year 2016		Maximum occurrence
IT-204*	Partnership Return	1
IT-204.1*	New York Corporate Partners' Schedule K	1
IT-204-CP*	New York Corporate Partner's Schedule K-1	99999999
IT-204-IP*	New York Partner's Schedule K-1	99999999
IT-204-LL*	Partnership, Limited Liability Company, and Limited Liability Partnership Filing Fee Payment Form	1
IT-212	Investment Credit	99
IT-223	Innovation Hot Spot Deduction	1
IT-225	New York State Modifications	1
IT-236	Credit for Taxicab and Livery Service Vehicles Accessible to Persons with Disabilities – For costs incurred on or after January 1, 2011	1

E-file supported forms for Tax Year 2016		Maximum occurrence
IT-241	Claim for Clean Heating Fuel Credit	1
IT-242	Claim for Conservation Easement Tax Credit	1
IT-249	Claim for Long-Term Care Insurance Credit	99
IT-256	Claim for Special Additional Mortgage Recording Tax Credit	1
IT-370-PF	Application for Automatic Extension of Time to File for Partnerships and Fiduciaries	1
IT-398	New York State Depreciation Schedule for IRC Section 168(k) Property	1
IT-399	New York State Depreciation Schedule	1
IT-602	Claim for EZ Capital Tax Credit	1
IT-603	Claim for EZ Investment Tax Credit and EZ Employment Incentive Credit	99
IT-604	Claim for QEZE Tax Reduction Credit	99
IT-606	Claim for QEZE Credit for Real Property Taxes	99
IT-607	Claim for Excelsior Jobs Program Tax Credit	99
IT-611	Claim for Brownfield Redevelopment Tax Credit	99
IT-611.1	Claim for Brownfield Redevelopment Tax Credit	99
IT-611.2	Claim for Brownfield Redevelopment Tax Credit	99
IT-612	Claim for Remediated Brownfield Credit for Real Property Taxes	99
IT-634	Empire State Jobs Retention Program Credit	99
IT-635	Urban Youth Jobs Program Tax Credit	99
IT-636	Alcoholic Beverage Production Credit	99
IT-637	Alternative Fuels and Electric Vehicle Recharging Property Credit	1
IT-638	START-UP NY Tax Elimination Credit	99
IT-639	Minimum Wage Reimbursement Credit	1
IT-640	START-UP NY Telecommunication Services Excise Tax Credit	99
IT-641	Manufacturer's Real Property Tax Credit	1
IT-642	Empire State Musical and Theatrical Production Credit	99
IT-643	Hire a Veteran Credit	99
IT-644	Workers with Disabilities Tax Credit	99
IT-645	Recapture of START-UP NY Tax Benefits	99
IT-646	Employee Training Incentive Program Tax Credit	99
Y-204	Yonkers Nonresident Partner Allocation	1
DTF-686	Tax Shelter Reportable Transactions	1

*These forms must be submitted electronically; PDF attachments of these forms are not allowed.

Note: The XML schemas for these forms are designed to accommodate repeating elements. Therefore, MeF filings should use the repeating elements instead of attaching multiples of the same forms wherever possible. Your software will guide you through this process.

Required federal forms

Copies of certain federal forms are required to be attached to a NYS return. Instead of selecting only the required federal forms in XML, software providers may attach an electronic copy of the federal return (in XML).

Exclusions from e-file

NYS DTF follows the IRS guidelines for MeF exclusions (refer to IRS Publication 4164). In addition to the IRS exclusion guidelines, NYS returns that include New York State tax forms not currently supported by e-file may not be e-filed.

E-file mandate information

Most returns must be e-filed. If returns are not filed and paid electronically when required, the New York State Tax Department can impose penalties on the preparers and their clients. Visit the e-file mandate page at: https://www.tax.ny.gov/tp/efile/mandate_participants.htm.

Partnership extensions (Form IT-370-PF)

For preparers subject to the e-file mandate, extensions must also be filed electronically using tax preparation software.

Tax Practitioner responsibilities

To e-file New York State partnership Forms IT-204, IT-204-LL, and IT-370-PF, you must be authorized to e-file federal partnership returns and use e-file software approved by the IRS and NYSDTF. A list of NYSDTF approved e-file software vendors is available at:

https://www.tax.ny.gov/pit/efile/partnership_approved_software.htm

Tax practitioners must conform to all IRS and NYSDTF regulations, standards, rules, and requirements. For more information on NYSDTF requirements, see NYS [Publication 58, Information for Income Tax Return Preparers](#). In addition, preparers in the NYSDTF MeF program must be in compliance with the procedures, requirements, and specifications in IRS Publication 3112, *IRS e-file Application and Participation*.

Paid tax preparers must:

- fulfill the signature requirement by checking a box that indicates that they have read and agreed to NYSDTF declaration certification language (see *Signature requirements for e-filed returns and extensions*)
- furnish the taxpayer with copies of all e-filed forms and schedules
- if required, register with NYSDTF as a tax preparer; see <https://www.tax.ny.gov/tp/reg/tpreg.htm>
- if the NYS return is rejected, correct and retransmit the return if possible; if the return cannot be e-filed, assist the taxpayer to file on paper
- retain a copy of the return with all schedules and attachments, including wage and tax statements and [Form TR-579-PT, New York State e-File Signature Authorization for Tax Year 2016 for Forms IT-204 and IT-204-LL](#), for three years. The copy may be electronically imaged and stored. A complete copy of the electronic portion must also be retained for three years.
- not charge a customer an additional amount to e-file an NYS tax document
- use NYS-approved software; see https://www.tax.ny.gov/pit/efile/partnership_approved_software.htm
- Enter all of the applicable information on a return:
 - preparer's name
 - firm's name
 - address
 - preparer's NYTPRIN or exclusion code
 - preparer's PTIN or SSN
 - firm's EIN
 - check box for self-employed preparer
 - preparer's signature

Signature requirements for partnership e-file returns

The tax preparer must have a completed and signed Form TR-579-PT, *New York State e-File Signature Authorization for Forms IT-204 and IT-204-LL* (see <https://www.tax.ny.gov/pit/efile/partnershippublications2016.htm>). In addition, your software should display a screen with the certification language and check box; e-filed returns are signed by checking the box that indicates the parties have read and agreed to our Form TR-579-PT declaration certification language:

ERO/Preparer Certification and Signature

I certify that I have a valid New York State E-File Signature Authorization for Tax Year 2016 for Forms IT-204 and IT-204-LL (Form TR-579-PT), authorizing me to sign and file this return on behalf of the partnership, LLP, or LLC (hereafter, collectively, "partnership").

I further certify that all information provided on the return is true, correct, and complete to the best of my knowledge and belief, and that I have provided a copy of this return to the partnership. If financial institution account information has been provided on the return, I certify that the partnership has agreed to payment of the amount indicated as due by electronic funds withdrawal, that the partnership has authorized the New York State Tax Department and its designated financial agents to initiate an electronic funds withdrawal from the indicated account, and that the designated financial institution is authorized to debit the entry to the partnership's account. I understand and agree that I may revoke this authorization for payment only by contacting the Tax Department no later than five (5) business days prior to the payment date. By checking the box shown below, I understand and agree that I am electronically signing and filing this return.

I have read the certification above and agree

Paying Form IT-204-LL balance electronically

The balance due on an electronically filed Form IT-204-LL must be paid electronically with an ACH debit. Your e-file software should guide you through this process. There is no paper payment voucher for an e-filed Form IT-204-LL. The information necessary to initiate the ACH debit must be included with the IT-204-LL submission; this includes:

- the amount to be withdrawn
- the bank account number and routing number (cannot be from outside the United States)
- the type of the account (checking or savings), and
- the type of the account (business or personal)
- the date of the withdrawal

The bank routing number and bank account number may not be changed once the IT-204-LL has been transmitted and accepted.

Taxpayers can specify a payment date up to and including the due date of the return. If the payment date falls on a weekend or bank holiday, the payment will be withdrawn the next business day. If you e-file before the due date, the money will not be withdrawn from your account before the date you specify, but the date specified cannot be after the return due date. For returns e-filed after the due date, the authorized withdrawal from your account will be processed on the date your e-file return is accepted.

The taxpayer can revoke an electronic payment by calling the NYSDTF no later than five (5) business days before the date of the payment withdrawal.

When submitting an amended return where an original return has already been processed and had a payment that was already processed, be sure to remove any ACH data that was previously submitted or adjust it if an additional payment should be debited. If the ACH data is exactly the same on the subsequent filing and the *Amended* box is not marked, the filing will reject. If an amended return is submitted with the same ACH information as the original return, the debit request will be processed as a new request.

To verify that an electronic payment was successful, check the bank account against which the payment was authorized. NYSDTF does not provide confirmation of successfully processed payments. If an ACH debit is not successful, the taxpayer will receive a bill, which may include penalties and interest. Partially paid or unpaid liabilities on an e-filed return will be billed when the return is processed.

NYSDTF may charge a \$50 fee when a check, money order, or electronic payment is returned by a bank for nonpayment. However, if an electronic payment is returned as a result of an error by the bank or NYSDTF, then NYSDTF will not charge the \$50 fee. If your payment is returned, we will send a separate bill for \$50 for each payment that is dishonored.

Handling of attachments: Attaching documents as PDF files

All **attachments** must be sent in PDF format. This includes tax forms your software does not support, federal required attachments for state filings, pages with additional information from forms, letters of explanation, certificates, etc. Your software will guide you on how to include PDF attachments with an e-filed return.

Do not password protect, or encrypt, or in any way document protect PDF attachments submitted through MeF.

Foreign partners without SSN/EIN

NYSDTF accepts a foreign partner (on Forms IT-204-IP and IT-204-CP) without SSN/EIN. NYSDTF also accepts a return from a partnership that is a partner in a foreign partnership that does not have an EIN (Form IT-204, Section 9, line 117c). IRS 1065 MeF may require **foreign** or **applied for** in the SSN/EIN fields in these situations for federal Form 1065.

If you have a partner without an EIN or SSN on Forms IT-204-CP or IT-204-IP you **must** leave the EIN/SSN field **blank**. We have instructed your software provider to remove **foreign** or **applied for** in the SSN/EIN fields on Forms IT-204 or IT-204-LL.

Single member LLC with NYSDTF-assigned ID

If a single member LLC (SMLLC) does not have an EIN and has been issued a Partnership Identification Number (TF number) by NYSDTF, you must use the TF number when filing Form IT-204 LL.

Calendar year filer or 52/53 week filer

If the return is for the calendar year 2016, the beginning and ending dates must be 01/01/2016 and 12/31/2016 respectively. The liability period reported on your filing must not be greater than twelve months; however, you can elect to use a 52/53-week tax year if you keep your books and report your income and expenses on that basis.

To file a 52/53 week return, attach a statement with the following information to your tax return for the 52/53-week tax year and ensure you set the beginning and ending dates to 01/01/2016 and 12/31/2016 respectively. Attach a statement in PDF format with the following:

1. The month in which the new 52-53-week tax year ends.
2. The day of the week on which the tax year always ends.
3. The date the tax year ends. It can be either of the following dates on which the chosen day:
 - last occurs in the month in item 1, above, or
 - occurs nearest to the last day of the month in item 1.

Short tax year

Short-year returns can be filed on prior year forms using the prior year schema (check with your software provider). This procedure is valid only until IRS closes for filing in December. Once filing opens in January 2017, you must use tax year 2016 software for 2016 returns.

1. Identify the YYYY portion of the beginning liability period.
 2. Check to see if the schema for that year is in production yet.
 - a. If the schema is in production, validate the return against that year.
 - b. If the schema is not in production, validate the return against the year-1.
- Current-year software is available
- When a taxpayer needs to file a short period return and the current-year software is available, ensure that the *Tax Year* in the *Return Manifest* and *Return Header* reflect the tax year of the schemas being

used (e.g., in calendar year 2016, use TY2015). Then, enter the actual beginning and ending date of the short period return (e.g., 11/01/2015 – 01/31/2016).

- Current-year software is not available

In certain situations, a taxpayer may need to file a short period return before the software is ready for the next tax year. For example: in calendar year 2016 a taxpayer may need to file a short period TY2016 return with *Tax Period Beginning Date* 01/01/16 and *Tax Period Ending Date* 06/30/16. Return is due by 10/15/2016. These returns will be e-filed using tax year 2015 software. Note this procedure is valid only until IRS closes in December. Once filing opens in January 2017, you must use tax year 2016 software for 2016 returns.

Amended Forms IT-204 and IT-204-LL

In processing year 2017, amended Forms IT-204 and IT-204-LL for tax years 2014, 2015, and 2016 can be e-filed. Forms IT-204 and IT-204-LL have a check box to indicate that the form is an amended return.

Prior year returns

In processing year 2017 we will accept tax year 2014 and 2015 MeF returns (in addition to TY2016).

How to enter foreign addresses

Your software should guide you through this.

Address – With the exception of Canadian addresses, a foreign ZIP code should be entered at the end of the address field.

City – Enter city/town as applicable.

State – For Canadian addresses, enter the province; for all other foreign addresses, state **must** be blank.

Country Code – Enter the appropriate foreign country code.

ZIP Code and ZIP Code Extension – For Canadian addresses, enter the first 3 characters of the ZIP (postal) code in the ZIP code field and enter characters 4-6 of the postal code in the ZIP code extension field. For all other foreign addresses ZIP code and ZIP code extension must be blank.

IRS e-file Fed/State program

In the Fed/State program under the IRS MeF architecture, state returns are sent by the transmitters to the IRS MeF system where states retrieve the state returns. States then send receipts and acknowledgments back to the IRS MeF system.

NYSDTF will support *linked* and *unlinked* state returns. A state submission can be *linked* to the IRS submission by including the submission ID of the federal return in the state return information. Your software will generally manage the inclusion of the submission ID for linked returns. NYS will accept and e-file partnership returns even if a federal return has not been e-filed.

IRS MeF validation on state submissions

IRS MeF system will validate certain elements of the state submission (linked or unlinked). If this validation fails, the IRS MeF system will reject the state submission, and the state will not have any information about the rejected state submission. The return must be corrected and resubmitted. Your transmitter will notify you if you need to correct and resubmit the return.

For a linked state submission, if the state return passes the IRS MeF validation and the federal return is accepted, the IRS will provide the state return to the state. If the federal return is not accepted (rejected or not

yet filed), IRS MeF will reject the state return. This will prevent the state return from being filed when the federal return contains certain errors which may affect the state return.

For an unlinked state submission, the IRS will provide the state return to the state if the state return passes the validation, regardless of the federal return.

IRS MeF receipt

IRS MeF will create a *receipt* for transmitters (usually your software provider is also the transmitter) for every state submission they have received. This receipt does not indicate that it has passed validation or that the state return has been provided to the participating state. Transmitters are not required to provide receipts to their customers.

State receipt and acknowledgment

NYSDF will send a receipt (transmitters are not required to forward the receipt to the filer) and an acknowledgement to the transmitter for each submission we successfully received. The transmitter is typically your software provider. The transmitter communicates the acknowledgement (acceptance or rejection) to the filer. An accepted acknowledgement indicates the return was received and processed. The acknowledgement does not confirm whether a requested ACH direct debit was processed successfully. Rejected returns must be corrected, and resubmitted electronically if possible.

Rejected returns

Rejected returns will display up to 100 error codes at a time. The error codes will indicate the errors to be corrected. Rejected submissions must be corrected and resubmitted.

Error code listing

Our acknowledgment reject message is limited to 74 characters. We have published the listing of the reject codes with a more detailed description at: www.tax.ny.gov/pit/efile/partnershippublications2016.htm

Common errors

Paid preparers

1. did not check the e-file certification box (on the software screen, see page 6)
2. did not enter the preparer name (only the firm name is entered)

Resubmission of state rejected return

If a state return is rejected by NYSDF (ACH debit, if included on the return, will not take place), you must correct the error(s) and e-file, if possible, the corrected return. The resubmitted e-file return should contain the *original* submission ID of the rejected return. The inclusion of the original submission ID is generally handled by your software.

Perfection period for a rejected submission (returns and extensions)

The e-file perfection period is initiated only when:

- The original submission was timely
- The original submission was rejected
- The original submission ID is present on the resubmission
- The new submission is after the due date

There is a seven calendar day perfection period to correct the submission and re-file it electronically. When a previously rejected electronic return containing the original submission ID number is *accepted* by NYSDF within the seven day perfection period, the submission **and** any e-payment included in the return data will be deemed to have been received on the date of the first rejection that occurred within that seven day period. If a

submission is submitted after the seven day period, the received date for the submission and any e-payment authorized in the return filing will be the new submission date.

Note: If the submission is rejected or denied on the IRS level, NYSDTF will not receive the original submission and the perfection period will not systematically initiate.

Processing delays

NYSDTF will make every effort to process an e-filed return once it is receipted and/or acknowledged. However, if the e-filed return contains an error(s) identified after the return is receipted/acknowledged, the return may require manual review or manual rejection.

Contact information

NYS DTF e-filing Help Desk: (518) 457-6387

Fax: NYS DTF e-file fax: (518) 435-8660

Need help?



Visit our Web site at **www.tax.ny.gov**

- get information and manage your taxes online
- check for new online services and features



Text Telephone (TTY) Hotline (for persons with hearing and speech disabilities using a TTY): If you have access to a TTY, contact us at (518) 485-5082. If you do not own a TTY, check with independent living centers or community action programs to find out where machines are available for public use.



Telephone assistance

Automated income tax refund status: (518) 457-5149

Personal Income Tax Information Center: (518) 457-5181

To order forms and publications: (518) 457-5431



Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, call the information center.

Web sites and publications

NYS DTF website home page	www.tax.ny.gov
NYS DTF e-file website	https://www.tax.ny.gov/tp/efile/elf_taxpros.htm
NYS DTF forms and instructions	https://www.tax.ny.gov/forms/
Frequently asked questions (Taxpayer Answer Center)	https://www.tax.ny.gov/help/faq.htm
Publication 16, LLC and LLP	www.tax.ny.gov/pdf/publications/multi/pub16.pdf
Publication 20, NYS DTF Tax Guide for New Businesses	https://www.tax.ny.gov/pdf/publications/multi/pub20.pdf
Publication 910, NAICS codes	www.tax.ny.gov/pdf/publications/general/pub910.pdf
e-file - Electronic Filing Subscription Service	https://www.tax.ny.gov/help/subscribe.htm

Revision log

Page	Description	Date