

## **Introduction**

The Illinois Department of Revenue (IDOR) participates in the IRS Federal/State Electronic Filing Program under the MeF (Modernized e-File) platform. With federal/state filing, electronic IL-1040 returns are transmitted along with the federal return to the IRS, and are then made available by the IRS for retrieval by IDOR.

Upon retrieval, IDOR checks each electronic IL-1040 return for completeness and accuracy. An electronic acknowledgment is created for each electronic IL-1040 return indicating whether it has been accepted or rejected and is made available to the transmitter through the IRS acknowledgement system. If the return is acknowledged as accepted, the return is sent into regular processing channels. If the return is acknowledged as rejected, the acknowledgment will contain error codes that identify the reasons for rejection.

Electronic IL-1040 returns filed by a tax professional require a Form IL-8453, Illinois Income Tax Electronic Filing Declaration, as the non-electronic portion of the accepted return. This declaration must be signed and given to the taxpayer along with their IL-1040 copy and any associated support documents, including withholding documents [i.e. Form W-2, Wage and Tax Statement, Form W-2G, Certain Gambling Winnings, Form 1099-DIV, Dividends and Distributions, Form 1099-G, Certain Government Payments, Form 1099-INT, Dividends and Distributions, Form 1099-K, Payment Card and Third Party Network Transactions, Form 1099-MISC, Miscellaneous Income, Form 1099-OID, Original Issue Discount, Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA's, Insurance Contracts, etc., out-of-state returns, and Form IL-1310, Statement of Person Claiming Refund Due a Deceased Taxpayer (if filing an IL-1040 return on behalf of a deceased taxpayer)].

IDOR establishes procedures for electronic filing of Illinois Individual Income Tax returns. Refer to Section 105 of the Illinois Department of Revenue Regulations. To be accepted as a participant, all applicants must follow all of the electronic filing procedures, requirements, and specifications. Software Developers must complete Form IL-8633-I, Application to File Illinois Individual Income Tax Returns Electronically for Software Developers. Electronic Return Originators and transmitters approved in the IRS Electronic Filing Program, and in good standing, are automatically enrolled in the Illinois program.

IDOR reserves the right to limit the number of participants. We also reserve the right to suspend the electronic filing privilege of any participant who varies from these requirements, specifications, and procedures, or who does not consistently transmit error-free returns.

## **Applications**

To participate in the Illinois Electronic Filing Program all applicants are required to be accepted in the IRS Electronic Filing Program for filing individual income tax returns. Software Developers must complete Form IL-8633-I, Application to File Illinois Individual Income Tax Returns Electronically for Software Developers.

## **Testing**

All software developers who develop software to format or transmit electronic returns must pass testing with the department. Testing material is provided by the department in the IL-1347, Illinois Electronic Filing Test Package. Software developers should call 217 524-4767 when they are ready to begin testing.

## **Transmission of Returns**

With the federal/state method, the electronic IL-1040 return is transmitted to the IRS as the “state packet” portion of the federal return. IL-1040 returns may be transmitted to the IRS as linked or unlinked returns. When the state return is linked to the federal return, the IRS will make the state return available to IDOR for retrieval only after the federal return has been accepted by the IRS. When the state return is unlinked to the federal return, the IRS will acknowledge receipt of the return and make it available for retrieval by the department.

## **Acknowledgments**

The department creates an acknowledgment for each electronic IL-1040 return filed. All acknowledgments must be retrieved from the IRS acknowledgement system by the transmitter. Acknowledgments for electronic IL-1040 returns are created after the returns are retrieved from the IRS. Each acknowledgment indicates whether a return is accepted or rejected. If a return is rejected, business rule explanations will be provided to identify the reason.

## **Reject Resolution Procedures**

There are two opportunities for rejection. The state packet may be rejected by the IRS at the time of transmission. In addition, once the state packet is accepted by the IRS, it may be rejected by the department after being retrieved from the IRS. Acceptance of the state packet by the IRS does not mean that the electronic IL-1040 return will be accepted by the department.

If the electronic state packet is rejected by the IRS, the electronic federal return is rejected also, and vice versa. In the case of IRS rejection, the department has no knowledge that the electronic state packet exists or was rejected. After IRS rejection, both the electronic federal return and electronic state packet can be retransmitted to the IRS, assuming any errors can be corrected. Once both electronic returns are accepted, the IRS will make the state record available to the department for retrieval.

If, after being retrieved, the electronic IL-1040 state record is then rejected by the department, the electronic IL-1040 return can be corrected and retransmitted.

Otherwise, the IL-1040 return must be filed on paper.

## **Illinois Form IL-8453**

Except for on-line returns, each electronic IL-1040 return requires Illinois Form IL-8453 as the non-electronic portion of the return. For further information, refer to Section 105 of the Illinois Department of Revenue Regulations.