SOUTH CAROLINA
DEPARTMENT OF REVENUE

ELECTRONIC FILING of SALES, USE, ACCOMMODATIONS, LOCAL OPTION, AND SPECIAL LOCAL TAXES

TAXPAYER PROGRAM GUIDE

March 2004

PLEASE FEEL FREE TO COPY AND DISTRIBUTE THIS GUIDE TO ALL APPROPRIATE PERSONNEL

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INTRODUCTION

The South Carolina Department of Revenue (Department) has designed an electronic filing program (EFT/EDI) for the transmission of your payment and filing of your tax return information for **sales, use, accommodations, local option, and special local taxes**.

Electronic payments can be made by using the ACH (Automated Clearing House) debit or credit method.

Advantages of participating in EFT/EDI include:

* **Eliminates paperwork, no more paper returns and checks.**
* **Reduces return error potential due to no rekeying; no manual intervention.**
* **Accurate timing of payment from your bank account.**
* **Comprehensive audit trail for both the return and the payment**

PROGRAM REQUIREMENTS

You can electronically file if you have a 486 or better computer, a modem, and tax translation software. Your return and payment can be processed through one transmission to the states value added network (VAN).

You may already have tax preparation and/or filing software with one of our authorized vendors. Enclosed is a list of South Carolina vendors. They can provide you with specific information about their products.

If you wish to write your own software or prepare your return from an EDI translator or other program used in your organization, call the Help Desk to request the "Implementation Guide for Software Developers".

CONTACT PERSONNEL

SCDOR HELP DESK

TOLL FREE	1- 800-379-9409
COLUMBIA DIALING AREA	1- 803-898-5310

All correspondence should be sent to the following address unless specifically instructed otherwise:

South Carolina Department of Revenue
EFT/EDI Help Desk
Columbia, SC 29214-0016

ADDITIONAL HELP

Software Vendor (813 / 997 questions)	Call your software vendor
BSWA (EDI structure / file send and receipt questions)	281-342-2646

PROGRAM PARTICIPATION

Taxpayers who file sales, use, accommodations, local option, and/or special local taxes may participate in this program. Those paying $15,000 or more per month can be mandated to file and pay electronically.

If you file all or a combination of the above mentioned taxes, and you decide to file and pay one tax through EFT/EDI, you must file and pay all of these taxes through EFT/EDI. For example, you cannot file and pay sales through the program and file and pay local option through a conventional process.

Be aware you must file both the return and the payment electronically; you cannot choose to do one part electronically and the other in a conventional method.

WITHDRAWAL FROM EFT/EDI PROGRAM

If you voluntarily begin filing/paying your sales, use, accommodations, local option and special local taxes through EFT/EDI and you find that this method does not meet your needs, you may return to conventional paper filing.

If you are mandated, you cannot withdraw from the program without permission from the Department of Revenue. **If your company has been mandated by SCDOR to participate in EFT/EDI, and your company does not have the necessary computer equipment or would encounter a hardship in implementing this new program, please write to us and explain the nature of the hardship. If you ask that your company be withdrawn from this program, your reasons will be reviewed and you will be notified, in writing, whether or not your company can be withdrawn.**

REGISTRATION

The Registration Application, form D-137 is intended to register you for the program. To register, please complete the application and return it to the address shown at the bottom of the D-137 or fax it to (803) 898-5339. Please remember to **sign both the EFT and EDI portions** of the application. To obtain the D-137, please click on the link in the Table of Contents at the beginning of this guide.

NOTE: To obtain a new sales tax license, please visit our DOR BOS (Business One Stop) online to register your new location. The DOR BOS link can be found on our SCDOR website at www.sctax.org

PAYMENT OPTIONS

There are two primary payment options: debit and credit.

<u>ACH CREDIT:</u>

If this method is selected, you are responsible for initiating the electronic payment with your financial institution so that funds deposit in the Department of Revenue bank account on the tax due date. This must be arranged directly with your financial institution.

If you choose the credit method, please notify your financial institution as soon as you register for this program that there is a special requirement within the CCD format. A CCD+ format can be used; however, the addendum information will not be transmitted by our financial institution to our computer as we have no need for this information.

Before considering ACH credit, **we recommend you contact your bank first to determine what ACH origination services they offer and the costs.**

REMEMBER: ACH CREDITS ARE NOT THE SAME AS FEDWIRES.

The cost of this payment transaction is charged to you.

If you choose ACH credit, transmit your return prior to 12 Noon (EST) on the business day prior to the due date. To assure receipt of the payment, you must initiate your ACH credit transaction in time to settle on the due date. Contact your bank to determine their cutoff times and their warehousing capabilities. You may be able to generate your payment well in advance of the due date.

If you select this method, the Department of Revenue will provide, upon receipt of your application, the State's bank account number and ABA (American Bank Association) Routing/Transit Number to initiate an ACH Credit. **If you are already using EFT to pay other taxes with South Carolina, <u>do not</u> use the bank account number you were given for EFT transactions.**

SEE THE SPECIAL INSTRUCTIONS ON THE FOLLOWING PAGE.

SPECIAL INSTRUCTIONS FOR ACH CREDIT TRANSACTIONS

GIVE TO YOUR TREASURY PERSONNEL WHO INITIATE CREDITS.

For ACH credit transactions you will use the CCD (Cash Concentration Disbursement) record format, **not the CCD+** that is standard for most state tax payments. This transaction **should not** include the "7" addendum record.

It is essential the ACH "6" record of the CCD (Entry Detail Record) carry the following specific information in field 7, "Individual Identification Number":

* 040 - Tax Type Code
* 7 digit taxpayer "Single Identification Number" (SID No). This is **not** your retail license number on ST-3. You will find the number in the top right corner of the address box on your return. On ST-388 it is found to the right of the name and address box. Use only the first 7 digits.

This information must be left justified with the remaining 5 spaces left blank.

Example: 0401234567bbbbb

The SID must also be included in the proper field in your “813" electronic return. The use of the number in your credit payment transaction and in your “813" return transaction will allow us to match your payment with your return.

When you receive the instructions containing our bank account information, you will also be reminded of your SID. (Please verify it against your records.)

If you have any problem identifying the number, call the Help Desk.

PLEASE CONTACT YOUR FINANCIAL INSTITUTION **NOW** WITH THESE SPECIAL INSTRUCTIONS. THEY MAY HAVE TO MAKE A CHANGE TO YOUR ACH ORIGINATING SOFTWARE TO ALLOW YOU TO CORRECTLY GENERATE YOUR ACH CREDIT.

ACH DEBIT

Under this option, you authorize the State of South Carolina to electronically transfer tax payments from your depository into the State's account. Initiation of the transaction occurs through the entry of your bank account information to the computer software used to prepare your tax return for transmission to the VAN. The bank account information includes your ABA (American Bank Association) Routing/Transit Number and your bank account number. Please contact your financial institution to verify your ABA Routing/Transit Number for electronic funds transfer purposes.

The cost of the ACH Debit payment transaction is charged to the State.

When you transmit your tax return electronically to the VAN, you also transmit your authorization for the Department to debit your bank account for the amount and on the date you specify.
An ACH Debit payment transaction can be “warehoused” or stored for up to 45 days.

To avoid penalty and interest charges for late payment, you must transmit your tax return/ payment authorization to the VAN prior to 12 Noon (EST) on the business day preceding the due date.

Should you select the ACH debit method of payment, additional information will be mailed to you when you are approved to test.

FEDWIRES

Fedwires are for emergency use only, when an ACH Credit cannot be sent by you or your financial institution.

To avoid possible penalty/interest charges for late payments, do not use fedwires without preapproval by the Department of Revenue.

FEDWIRES ARE FOR EMERGENCIES ONLY!!!
THEY MUST BE PREAPPROVED.

CHANGES

CHANGING PAYMENT METHODS

You may change the method of payment from ACH debit to ACH credit, or vice versa. Before doing so, please call the EFT/EDI Help Desk for instructions.

CHANGING FINANCIAL INSTITUTIONS

ACH Credit. Be certain your financial institution is aware of the special requirement in the CCD “6" record. Conduct a prenote at least ten (10) days prior to the next tax due date. If you encounter a problem, call the EFT/EDI Help Desk for assistance.

ACH Debit. Conduct a test with our VAN **choosing the prenote option**. (Check your “813" software for the proper way to do this.) Use the ABA (American Bank Association) Routing/Transit Number and bank account number for the new financial institution. You do not have to send any test return when you send a prenote due to a change in financial institution.

Please allow ten (10) days from the time you transmit your test for the prenote to be processed. You will be contacted by the Department if there is a problem with the prenote.

If you have questions, call the EFT/EDI Help Desk for assistance.

DUE DATES

Involvement in the electronic filing program does not change the due date for your tax return/payment.
To ensure timely filing and payment, you must initiate your electronic transmission to the VAN prior to 12 Noon (EST) on the business day preceding the due date.

PENALTIES AND INTEREST

Failure to timely make electronic payments/returns will subject you to penalty and interest as prescribed by law. The <u>postmark date</u> is the date of receipt of the electronic transmission by the VAN. You will receive a “997" acknowledgement to confirm this receipt. The <u>payment date</u> is the settlement/deposit date of funds in the State's bank account.

INSTRUCTIONS FOR TESTING

The Department requires you conduct a test of the electronic return prior to participation in the program and recommends it whenever there is a major revision of your software or our program. A test (prenote) of the electronic payment is highly recommended initially and if you make a change to your financial institution.

To test before you initiate a production transmission of your first return/payment, **call us** and then take the following steps:

IF YOUR METHOD OF PAYMENT IS ACH DEBIT

* Indicate your transmission is a test.
* Choose the prenote option.
* Complete the detail return portion with test data (preferably use the last return you sent us by paper or diskette).
* Transmit to the VAN as a test file.

The VAN will generate a debit prenote and send the transmission to the Department. We will notify you of the return/prenote test results within 10 days.

IF YOUR METHOD OF PAYMENT IS ACH CREDIT

* Indicate your transmission is a test.
* Choose the prenote option.
* Complete the detail return portion with test data (preferably use the last return you sent us by paper or diskette).
* Transmit to the VAN as a test file.
* Conduct an ACH Credit prenote transaction with your financial institution. If there is a problem, your financial institution will notify you (usually within 10 days of the origination of the prenote).

The Department will notify you of the test results of the electronic return within 10 days.

REMEMBER TO DOWNLOAD YOUR “997" ACKNOWLEDGEMENT FOR VERIFICATION OF THE ACCEPTANCE OF YOUR RETURN.

INSTRUCTIONS FOR PRODUCTION

After keying your return to the translation software or downloading from a tax preparation package, be certain the following is in order before transmitting your production return:

* Your return is keyed in as whole dollars.
* You have noted this is a production return.
* If you are using ACH Debit, be sure you have recorded your payment information before transmitting.

If you are using ACH Credit, notify your financial institution of your payment order. The credit should be sent no later than the business day prior to the due date.

Remember, once you send your transmission, it cannot be recalled.

DOWNLOAD YOUR “997" ACKNOWLEDGEMENT FOR VERIFICATION OF THE ACCEPTANCE OF YOUR RETURN.

997 ACKNOWLEDGEMENT

Whether you are testing your return for the first time, retesting because of a major change in your software or sending a production return, **it is essential you always download your “997" acknowledgement.**

When you first transmit your return, you receive notification your return has been received by the VAN. This is not the actual acceptance of your return.

At 12 Noon your return is pulled from your mailbox for initial editing. The “997" acknowledgement reflects whether your return passed the initial edits and can be read by the VAN. If your return is acceptable, the VAN will send you a “997" with no error codes and will postmark the receipt of your return. If your return is not readable, they will give you back a “997" with error codes. **Your software should be able to translate these error codes. If it cannot translate the error codes, contact your software vendor for assistance.**

Your “997" acknowledgement should be in your mailbox within 24 hours of the return being pulled from your mailbox. **If your “997" is not in your mailbox within the 24 hour timeframe, call BSWA (the VAN) at 1-281-342-2646. Do not resend your transmission.**

EFT/EDI TRANSMISSION QUESTIONS

WHAT MUST I DO IF I HAVE A PROBLEM INITIATING AN ACH CREDIT?

If you experience a problem with payments being made through the ACH credit method, call the EFT/EDI Help Desk. You will be given instructions to follow for making your payment. **DO NOT SEND A FEDWIRE WITHOUT PREAPPROVAL.**

WHAT MUST BE DONE IF A "0" AMOUNT IS DUE?

You must still send a return transmission. Do not authorize a debit transaction or initiate a credit transaction.

CAN ONE "813" ELECTRONIC TRANSMISSION AND ONE PAYMENT TRANSACTION BE MADE FOR MULTIPLE TAXPAYERS?

Yes. If you are preparing returns for more than one taxpayer (each taxpayer has a different Single Identification Number - SID No. - on their return) you can make an ACH credit/debit from one bank account, please call the EFT/EDI Help Desk for instructions.

HOW CAN I RECOVER FUNDS ERRONEOUSLY TRANSMITTED?

If you have sent an ACH Credit, you may be able to reverse the payment. Check with your financial institution for instructions. If a reversal is not possible or if you use ACH Debit, call the EFT/EDI Help Desk to get instructions for requesting a refund. Refunds will **not** be made electronically through the ACH.

HOW DO I CORRECT FILING AND/OR PAYMENT ERRORS?

You must file an "amended" paper return to correct filing errors. Use a blank return form, write “AMENDED RETURN” at the top and complete the return as it should be. If the amended return results in an overpayment, include evidence to support the changes or error. Overpayments will be refunded to the taxpayer. The Department will send an assessment notice for underpayments. Do not send amended returns through this program.

CAN A TRANSACTION BE CANCELLED AFTER IT IS TRANSMITTED TO THE

VAN?

No.

WHAT SHOULD I DO IF TRANSMISSION PROBLEMS ARE ENCOUNTERED?

The VAN provides a Help Desk 24 hours a day, 7 days a week, to assist you if you encounter communication difficulties. If these problems prevent you from filing your return on time, call the EFT/EDI Help Desk. Both numbers are listed under "Contact Personnel".

WHAT SHOULD I DO IF I OPEN ADDITIONAL BUSINESS LOCATIONS AFTER I START FILING THROUGH THE EFT/EDI PROGRAM?

If you are planning to open a location requiring a new retail license, apply for the license through normal Department channels. If you have not been issued a retail license number before you file taxes for the new location, use zeroes in the retail license number field and record the address of the new location in the appropriate area in your software. Call the EFT/EDI Help Desk if you have questions.

WHO PAYS FOR THE COST OF THE TRANSMISSION OF THE RETURN AND THE ACH DEBIT?

The Department pays all transmission and ACH Debit charges at this time.

IS WAREHOUSING OF THE RETURN AVAILABLE?

Yes. Credit returns can be warehoused up to 10 calendar days. Debit returns and payments can be warehoused up to 45 calendar days.

WEEKENDS AND HOLIDAYS

If a return/payment due date falls on a holiday or weekend, the tax return/payment must be made so that the return and funds are immediately available no later than the first business day after the holiday or weekend. This requires you to initiate the electronic transmission no later than the last business day prior to the holiday/weekend. Timely payments are based on the settlement date (the date on which the Department of Revenue's account is credited). Timely returns are based on the date of receipt of the electronic return by the VAN.
If your financial institution is closed on a day that you wish to initiate an ACH Credit transaction, you must contact them one day prior to the observed holiday. (Financial institution holidays in your area may vary from the holiday schedule listed below.) See the holiday schedule below to determine when you must initiate an ACH transaction for timely settlement on a tax due date.

HOLIDAY SCHEDULE

New Year's Day * +	January 1
Martin L. King Day * +	Third Monday in January
George Washington's Birthday (President's Day) * +	Third Monday in February
Confederate Memorial Day +	May 10
Memorial Day * +	Last Monday in May
Independence Day * +	July 4
Labor Day * +	First Monday in September
Columbus Day *	Second Monday in October
Veteran's Day * +	November 11
Thanksgiving Day * +	Fourth Thursday in November
Day After Thanksgiving +	Friday following Thanksgiving Day
Christmas Eve +	December 24, when declared a State holiday by the Governor
Christmas Day * +	December 25
Day After Christmas +	December 26

* Federal Reserve Bank Holiday - If a Federal Reserve holiday falls on a Department due date, the due date moves to the next business day regardless of whether the Department was open on the Reserve holiday or not.

\+ Department of Revenue Holiday - When a legal holiday falls on a Sunday, it will be observed on the following Monday. When a legal holiday falls on a Saturday, it will be observed on the preceding Friday.

SOUTH CAROLINA DEPARTMENT OF REVENUE
EFT/EDI HELP DESK
LIST OF PARTICIPATING VENDORS

SOFTWARE VENDORS NAME/ADDRESS	CONTACT PERSON	TELEPHONE FAX NUMBER	E-MAIL ADDRESS
Trustfile, Inc P.O. Box 84327 Baton Rouge, La 70884 www.trustfile.com	Virginia	PH 877-222-0187	Support@trustfile.com
Deloitte & Touche Technologies LLC 21550 Oxnard St Ste 1100 Woodland Hills, CA 91367	Mike Bourne	PH 1-800-966-1639 Fax 1-818-316-2410	mbourne@Deloitte.com
RIA (Research Institute of America) 2395 Midway Road Carrollton, TX 75006	Bob Irving	PH 1-800-327-8829 ext. 8439 Fax 1-972-250-8059	jerry.druckman@riag.com
Vertex Inc. 1041 Old Cassatt Road Berwyn, PA 19312	Keith Reiner	PH 1-800-355-3500 ext.6155 Fax 1-610-640-5892	keith.reiner@vertexinc.com