

**Subject:** Substitute Printed and Computer-Generated Tax Forms**For:** Developers of Substitute Tax Form Software and Forms and Document Services **Also See:****Identification** ET-03066

Policy

**Effective Date** 6-1-2009**Replaces**

ET-03066 (7-1-2008)

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## I. PURPOSE

This Policy establishes guidelines and defines requirements for preparing and submitting substitute tax forms to the Michigan Department of Treasury (Treasury). It also sets forth the procedure for required review and approval of substitute forms.

## II. SCOPE

Treasury's Forms and Document Services (FDS) staff administers the requirements of this Policy. If you need additional information or have any questions after reviewing the contents of this Policy, contact:

Forms and Document Services  
Michigan Department of Treasury  
430 W. Allegan  
Lansing, MI 48922  
(517) 335-1179 or (517) 241-4394  
e-mail: *TreasForms@michigan.gov*

All substitute forms must meet the requirements stated in this Policy. Treasury reserves the right to require the refiling of any forms that do not meet these requirements.

**Note:** Federal forms filed with Treasury must comply with Internal Revenue Service (IRS) *Publication 1167*.

## III. GENERAL REQUIREMENTS FOR DEVELOPERS OF SUBSTITUTE FORMS

By July 1 each tax year, developers must complete form 4430 MICHIGAN SUBSTITUTE FORMS LETTER OF INTENT. Once received, FDS will assign new developers a software developer identification number. If requested, FDS will also grant a username and password login for the secure Web site (see Section III-C).

Developers must submit forms for review and receive official approval from Treasury **before** releasing software to their customers. The software developer must submit forms to FDS at the address shown on page 2 of this Policy. No other area within Treasury is authorized to approve substitute forms. Forms directed to other areas may delay review and approval. Practitioners who purchase tax software programs do not need to submit forms for approval but should verify with the developer that they have received Treasury approval.

### A. Review and Approval Process

Treasury will **not** review forms submitted for approval via fax machine.

When reviewing forms for approval, Treasury is verifying that the form can be processed through its mainstream processing systems. Treasury does not review or approve the logic of specific software programs, nor confirm the calculations entered on forms output from these programs. The accuracy of the program remains the responsibility of the software developer. The accuracy of the information on returns prepared using a computer program remains the responsibility of the taxpayer.

Software developers should submit one copy of each form for approval to the address on page 2. (NOTE: Imaged forms have different requirements (see Section V-C).) Treasury will verify data placement only, not calculations. Treasury will send developers a formal notice of approval or non-approval. If not approved, Treasury will specify changes required for approval. If revisions are extensive, software developers will be required to resubmit a corrected version before receiving final approval.

Allow a minimum of ten business days during peak season for response.

Approvals are granted for one tax year only (i.e., approval of the 2008 MI-1040 INDIVIDUAL INCOME TAX RETURN does not imply approval of the 2009 MI-1040 return). This applies whether or not there have been changes to the form.

**Note:** Imaged forms (see Section V) and scannable vouchers (see Section IV-C) have special requirements. See the appropriate section for complete instructions.

## **B. Filing of Unacceptable Forms**

A substitute form filed with Treasury that has not been approved or cannot be processed through our mainstream processing systems can delay a refund check by up to six weeks. This does not, however, delay the posting of payments arriving with a return. Treasury will contact the taxpayer directly or will contact the preparer of the unacceptable form and direct the preparer to stop filing that substitute form immediately. Refunds delayed past 90 days because of improper forms filing do not accrue interest.

## **C. Software Developer Identification**

Treasury maintains a roster of software developers and assigns a software vendor code to each software developer. This code must appear in the lower-left corner (in a minimum of ten point font) of **each** page of every form produced by that developer's software.

If developers have a four-digit NACTP-assigned number, that number should be used as the software vendor code. FDS must be notified **prior to using that number on substitute forms.**

Imaged forms require a Document Identification (Doc ID) code rather than a software vendor code (see Section V-A).

In some cases, the **primary** company producing the form is different from the **secondary** company creating the data and, if applicable, the 2-D barcode on the form. Both primary and secondary ID codes must appear on the form, with the primary code in the first (left most) position and the secondary code in the second position. Space must be reserved by the primary forms design vendor for the secondary vendor code to be added.

**Example:** ABC Company is the primary forms design vendor and supplies XYZ Company with form templates. XYZ writes the software programs to compute the return and print the data and barcode. The software developer identification information would appear in the bottom left corner as follows: ABC XYZ

The primary company must submit forms for Treasury approval. The secondary company is not required to submit forms to Treasury unless any of the following apply:

1. 2-D Barcoding
2. Scannable documents
3. Imaged forms (see Section V).

#### D. Advance Copies of Official Forms

Treasury's Web site provides access to draft ([www.michigan.gov/drafttaxforms](http://www.michigan.gov/drafttaxforms)) and final ([www.michigan.gov/taxes](http://www.michigan.gov/taxes)) tax forms as well as to Revenue Administrative Bulletins and Letter Rulings that notify practitioners of tax policy changes.

Major tax forms are published on Treasury's public Web site for viewing and printing using Adobe Acrobat Reader (version 6.0 or higher). Advance copies of draft tax forms are published on a **secure** Web site. Access to the secure Web site may be obtained by completing Form 4430 and sending in an e-mail to [TreasForms@michigan.gov](mailto:TreasForms@michigan.gov). The username and password is assigned to a company (not an individual employee) and expires each year in July. Form 4430 must be filed with Treasury before access to the secure Web site will be granted.

Real-time notification of draft tax form publications on the secure Web site is provided through Really Simple Syndication (RSS) feeds. RSS feed/communication information is available by subscription on any of the secure sites (after entering assigned username and password). RSS notification will be Treasury's primary method of communication. Software developers are encouraged to register for this service.

Draft forms are generally published in late September through early December as they become available. Most tax forms cannot be finalized until the Legislature has recessed the fall session. This generally occurs in mid-December. Treasury posts major tax forms as **final drafts** on the secure Web site in late October. Software developers may submit final draft forms to Treasury for approval, with the understanding that legislation may require changes to programs and forms. If there are changes to a final draft, software developers will be notified and may need to resubmit the form for approval.

As forms become **final** (after the Legislature adjourns) they are posted on the public Web site ([www.michigan.gov/taxes](http://www.michigan.gov/taxes)). **Software developers must not release forms to their customers until they are final and approved by Treasury.** If incorrect forms are filed, it will result in errors and/or delay the processing of returns.

**IMPORTANT:** The final MI-1040 and MI-1040CR-7 HOME HEATING CREDIT CLAIM forms posted on Treasury's public site are the "official tax booklet" versions. The final "computer-generated" versions will be available only on Treasury's secure Web site. These two forms will be clearly marked Draft or Final on the secure Web site. Developers must use the computer-generated version. The official tax booklet and computer-generated versions differ **only** in the **Doc ID code and mailing address** on page 2.

#### **E. Using Preprinted Label**

When filing a substitute return, preparers must use the official Treasury label sent to the taxpayer. Software programs should prompt practitioners to request the label. This label is a key to efficient, accurate and economical processing of a taxpayer's return. A labeled return indicates that a taxpayer is an established filer and permits Treasury to accelerate processing of those returns, providing quicker refunds with accurate names and addresses. If any information on the label is incorrect, the practitioner should not use the label.

### **IV. GENERAL FORMAT REQUIREMENTS FOR SUBSTITUTE FORMS**

#### **A. General Guidelines for Substitute Forms**

1. **Design:** Each substitute form must follow the design of the official form as to font style and size, arrangement and format, form number, item captions, line numbers, line references, dot leaders and sequence.
2. **Size:** Substitutes must be the same size as the official form.
3. **Paper:** The paper must be equal to or better than the quality used for the official form. Use 20# to 24# white paper (lighter weight papers jam processing equipment).

4. **Ink Color:** Black ink color should be used.
5. **Legibility:** All forms must be legible. Treasury reserves the right to reject forms with poor legibility.
6. **Variable Data Font:** The preferred fonts/sizes are Arial, Helvetica or Courier 12, but must not be smaller than ten point in size. Characters must not touch each other and must not touch vertical or horizontal lines. Alphabetical characters must be in upper case (CAPS).
7. **Abbreviations:** Always spell out words whenever possible. Use abbreviations **only** to allow space on a line. When necessary, use only standard abbreviations provided by NACTP.
8. **Rounding:** Entries on all Michigan tax forms must be rounded to the nearest dollar. Round down all amounts less than 50 cents. Round up all amounts of 50 through 99 cents.
9. **Numeric Fields:** Right justify all numeric fields.
10. **Zero Entries:** If a line does not apply to a taxpayer, the line should be left blank; however, an entry must be made on all total lines. If the amount to be reported on a particular total line is zero, enter "0."
11. **Negative Entries:** Use a negative sign "-0" to report negative dollar amounts.
12. **Data Entry Symbols:** Treasury uses a blackened right-facing arrow to indicate data entry pickup lines. This symbol must be reproduced on all substitute forms. If this symbol is not available, a blackened circle (bullet) may be substituted. Treasury will not approve any form until correct data entry symbols are demonstrated.
13. **Datafield Delimiters:** All data should be dash delimited.  
  
Example: Social Security Number: 999-99-9999  
Date: 99-99-9999  
Telephone: 999-999-9999
14. **Logos:** It is not necessary to reproduce any logo on any Michigan tax form.
15. **Fields:** The size and length of fields must match the design of the official form, including spacing between the boxes/lines.
16. **Font Size for Field Descriptions:** Descriptions within field boxes must not exceed eight point regular font size.

17. **Check Boxes:** It is preferred that check boxes be 1 pica X 1 pica in size but checkboxes a minimum of 1/10 inch wide X 1/6 inch high, based on NACTP standards, will be accepted. In all cases, boxes should be uniform in size throughout each form. Center a 12 point Courier "X" in the check box.
18. **Multiple-Page Forms:** When printing multiple-page forms, print the entire form with all its parts and pages. Whenever possible, print on both sides of the paper. Assemble the forms in the correct order.
19. **Signature:** The taxpayer must sign the substitute tax form in the designated space. All taxpayer signatures on paper forms filed with Treasury must be original signatures. Treasury will accept a stamp of the tax preparer's signature, where applicable.
20. **Margins:** All margins should be half inch.

#### B. Substitutes With 2-D Barcode

Form 4220 INDIVIDUAL INCOME TAX BARCODE DATASHEET must be used for printing the 2-D Barcode.

**Exception:** For years prior to tax year 2004, the barcode may be printed directly on page 1 of the MI-1040 and MI-1040CR-7 forms.

Michigan accepts 2-D barcodes for forms MI-1040 and MI-1040CR-7. There is **one** version of each of these forms for **computer-generated** tax returns. Software developers must obtain draft and final versions of forms MI-1040 and MI-1040CR-7 from Treasury's secure Web site.

**IMPORTANT:** Draft and final versions of the computer-generated MI-1040 and MI-1040CR-7 forms are available only on Treasury's secure Web site. Software developers must use the computer-generated version. These forms will be clearly marked Draft or Final on the secure Web site. The final MI-1040 and MI-1040CR-7 forms posted on Treasury's public site are the "official tax booklet" versions -- not to be used by software developers. The official tax booklet and computer-generated versions differ **only** in the **Doc ID code and mailing address** on page 2.

Barcode Size/Placement:

- MI-1040: Position #1 on Form 4220.  
Size: 4" width x 2" height (maximum)  
Placement: 1/2" from right margin and 1/2" from top margin

- MI-1040CR-7: Position #2 on Form 4220.  
Size: 4" width x 2" height (maximum)  
Placement: ½" from right margin and 2¾" from top margin.

To participate in 2-D barcoding, developers must obtain specifications and guidelines from Treasury's secure Web site.

### C. Scanned Forms

Substitutes of forms bearing scan lines (forms scanned by Optical Character Recognition (OCR)) must be printed one to a page and cut to the correct vertical height. The program should generate a top line to define the cutting edge for the preparer. Position the form at the bottom of the page to ensure a dependable feeding edge and positive margin for optical scanning. Substitutes must be printed on 20# to 24# paper.

The following forms contain a scan line:

- 4 Application for Extension of Time to File Michigan Tax Returns
- 160 Combined Return for Michigan Taxes
- 161 Discount Voucher for Sales and Use Taxes
- 4548 Michigan Business Tax Quarterly Return
- MI-1040ES Estimated Individual Income Tax Voucher
- MI-1040-V Individual Income Tax e-file Payment Voucher
- MI-1041ES Fiduciary Vouchers for Michigan Estimated Income Tax
- MBT-V 4576, Business Tax e-file Annual Return Payment Voucher

Scan line specifications for the above forms are posted on Treasury's secure Web site which includes information on submitting sample vouchers for testing. For forms 160 and 161, Treasury cannot accept substitutes that do not contain a scan line. For forms 4, 4548, MI-1040ES, MI-1040-V, MI-1041ES and MBT-V, Treasury encourages that the scan line be included to speed processing and improve the accuracy of the payment posting. In all cases, Treasury prefers that when a personalized form is provided to a taxpayer, the personalized form (not a copy or reproduction) be filed with Treasury.

### V. FORMAT REQUIREMENTS FOR IMAGED FORMS

The following forms are processed with imaging equipment and have specific requirements for form design and layout. Before imaged forms can be submitted for approval, software developers are required to complete form 4430 and identify which imaged forms your company will support.

**Individual Income Tax**

- 3174 Direct Deposit of Refund
- 3581 Historic Preservation Tax Credit
- 4013 Resident Tribal Member Annual Sales Tax Credit
- 4534 Venture Capital Deduction Schedule
- 4642 Voluntary Contributions Checkoff Schedule
- MI-1040 Individual Income Tax Return
- MI-1040CR Homestead Property Tax Credit Claim
- MI-1040CR-2 Homestead Property Tax Credit for Veterans and Blind People
- MI-1040CR-5 Farmland Preservation Tax Credit Claim
- MI-1040CR-7 Home Heating Credit Claim
- MI-1040D Adjustments of Capital Gains and Losses
- MI-1040H Schedule of Apportionment
- MI-1040X Amended Income Tax Return
- MI-1045 Application for Michigan Net Operating Loss Refund
- MI-2210 Underpayment of Estimated Income Tax
- MI-4797 Adjustments of Gains and Losses from Sales of Business Property
- MI-8839 Qualified Adoption Expenses
- Schedule 1 (p. 1) Income Additions and Subtractions Schedule  
(p. 2) Schedule 2 Nonrefundable Credits
- Schedule CR-5 Schedule of Taxes/Allocation to Each Agreement
- Schedule CT College Tuition and Fees Credit Schedule
- Schedule NR Nonresident and Part Year Resident Schedule
- Schedule W Withholding Tax Schedule

**Michigan Business Tax**

- 3581 Historic Preservation Tax Credit
- 3614 Historic Preservation Tax Credit Assignment
- 4567 Annual Return
- 4568 Nonrefundable Credits Summary
- 4569 Single Business Tax (SBT) Credit Carryforwards
- 4570 Credits for Compensation, Investment and Research and Development
- 4571 Common Credits for Small Businesses
- 4572 Charitable Contribution Credits
- 4573 Miscellaneous Nonrefundable Credits
- 4574 Refundable Credits
- 4575 Loss Adjustment Worksheet for the Small Business Alternative Credit
- 4577 Schedule of Shareholders and Officers
- 4578 Schedule of Partners
- 4579 Qualified Affordable Housing Seller's Deduction
- 4580 Unitary Business Group Combined Filing Schedule
- 4582 Penalty and Interest Computation for Underpaid Estimated Tax
- 4583 Simplified Return
- 4584 Election of Refund or Carryforward of Credits

**Michigan Business Tax (cont.)**

- 4585 Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax
- 4586 Schedule of Business Activity Protected Under Public Law 86-272
- 4587 Schedule of Recapture of Certain Business Tax Credits and Deductions
- 4588 Insurance Company Annual Return for Michigan Business and Retaliatory Tax
- 4590 Annual Return for Financial Institutions
- 4594 Farmland Preservation Tax Credit
- 4595 Renaissance Zone Credit Schedule
- 4596 Miscellaneous Credits for Insurance Companies
- 4741 Additions, Subtractions, and Deduction Schedule
- 4752 Unitary Business Group Combined Filing Schedule for Financial Institutions

The form samples submitted for approval must be an accurate representation of the form printed from the software developer's software in an actual taxpayer environment.

**A. Document Identification (Doc ID) Code**

A Doc ID Code must be printed in the bottom-left corner of the forms specified above. See Document Identification Code Specifications on Treasury's secure Web site. (Software developers must continue to print their software vendor code on forms not included in the list above.)

**B. General Guidelines for Imaged Forms**

1. **Line Weight:** Line weight must be a minimum of one point, **including** check boxes.
2. **Date/Account Numbers/Phone Numbers:** Use a dash (-) to separate the series of numbers.
3. **Data Entry Symbols:** Data entry symbols must be included where applicable.
4. **Number Recognition:** Software developers are not required to print the following statement on forms: "Print numbers like this: 0123456789 - NOT like this: 1 4 7."

5. (For Individual Income Tax Only)

**Taxpayer Identification Area:** Fields in this area generally include First Name, MI, Last Name, Address and Social Security Number.

- (a) Developers should not print a separate entry box for the Social Security Number(s) field. Social Security numbers should be placed directly to the right of the data entry symbol, aligned with the taxpayer name.
- (b) Internal boxes (see example on next page) must be reproduced **except** in Filer and Spouse SSN fields.

<p><i>Do not reproduce internal boxes in Filer or Spouse SSN fields.</i></p>	<p><i>Internal boxes must be reproduced in all other areas. Examples:</i></p>
<p>▶ 2. Filer's Social Security Number (Example: 123-45-6789)</p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto; text-align: center;">             - -         </div> <p>▶ 3. Spouse's Social Security Number (Example: 123-45-6789)</p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto; text-align: center;">             - -         </div>	<p>▶ Preparer's PTIN, FEIN or SSN</p> <div style="border: 1px solid black; width: 150px; height: 20px; margin: 5px auto;"></div> <p>▶ Preparer's Business Name (print or type)</p> <hr/> <p><small>Deceased Taxpayers. If Filer and/or Spouse died after 12-31-2004, enter dates below.              ENTER DATE OF DEATH ONLY Example: 04-15-2006 (MM-DD-YYYY)</small></p> <p>▶ Filer <div style="border: 1px solid black; width: 50px; height: 15px; display: inline-block; text-align: center;">- -</div> ▶ Spouse <div style="border: 1px solid black; width: 50px; height: 15px; display: inline-block; text-align: center;">- -</div></p>

(c) **Field Descriptions/Line Numbers:** Exclude the field descriptions and line numbers inside the boxes for the following fields: Taxpayer Name(s), Address and Social Security Number(s). (Do **not** exclude data entry symbols.)

- 6. **Margins:** If the software program prints extraneous taxpayer information, place in the upper-left corner above the form number and title. Do not print variable data in the bottom margin of the form.
- 7. **Boxes:** Boxes cannot be replaced with lines.
- 8. **Attached Lists:** Do not print "See Statement" or any similar text on forms where an explanation is not requested. Additional explanation statement sheets should be attached to the last page of the form.

C. Submitting Imaged Forms

- 1. **Quantity:** A total of **six** forms must be submitted: (1) **one** max data copy (all 9s in numeric fields and all Xs in alpha fields), (2) **one** blank form, and (3) **four** sample data copies with a variety of fields filled in. The four sample data copies must encompass all fields in the four samples provided.

2. **Format of Submission:** The cover page should specify that the submission contains imaged forms. If submitting more than one imaged form, organize the forms in order of the bulleted list on page 9 and 10. Assemble each form set in the following order: (1) max data copy, (2) blank copy, and (3) four sample data copies. Paperclip the six samples of each form together. Mail submission to the address on page 2, or if e-mailing to *TreasForms@michigan.gov*, combine the above listed form sets into one pdf.

## VI. AGREEMENT

By submitting a substitute form to Treasury for review and approval, a software developer agrees and assumes responsibility for compliance by company employees to:

1. Follow the requirements and specifications of this Policy.
2. **Not** release draft tax forms to any member of the public. This includes release of draft forms on a company Web site.
3. When notified by Treasury of an error on a substitute form after Treasury has approved it and developer has released it to customers:
  - A. Work with Treasury to promptly correct errors
  - B. Substantiate to Treasury that errors were corrected and customers were notified
  - C. Accept Treasury's decision as to whether a developer may continue to use the software program during the filing season.
4. Notify Treasury of any critical software problems identified by the developer after releasing products to customers.
5. Notify customers or clients of the computer hardware requirements, including printers, printer fonts, paper weight, etc., necessary to produce substitute tax forms.

Violation of these terms could result in the software developer being prevented from participation in the early release and approval of tax forms and/or rejection of Michigan tax forms created by the software developer and filed by the software developer's customers.

**End**