

Virginia Department of Taxation



Corporation and Pass-Through Entity e-File Test Package

Tax Year 2014



Overview

This publication provides scenarios for the Software Vendors / Developers to test their software with the Fed/State e-File program for the Corporation and Pass-Through Entity tax form packages: 500 and 502.

Detailed information regarding the use of the e-File program is located in the Corporation and Pass-Through Entity e-File Guide.

500 Test Scenarios

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502 Test Scenarios

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500 Test Scenarios

Test Scenario #1 – FEIN 00-0200001

File a fiscal tax year consolidated Virginia corporate return, Form 500, with a name change and Schedule 500A attached with Section A Line 7 populated. There are 14 affiliates filing in the consolidated return Form 500.

There are Other Subtraction Codes reported on Schedule 500ADJ.

- Code 62
- Code 60
- Code 61

There are Credits reported on Schedule 500CR.

- Historic Rehabilitation Tax Credit, Part XII
- Recyclable Materials Processing Equipment Credit, Part VII

The taxpayer made estimated payments and the return results in an overpayment with 25% of the overpayment applied to next year's estimated tax and 75% refunded.

Forms to include:

- Form 500
- Schedule 500ADJ
- Schedule 500A
- Schedule 500AC
- Schedule 500CR
- Schedule 500FED
- Form 1120
- Binary Attachment – Recyclable Materials Processing Equipment Credit
- Binary Attachment – Return Computation Documentation

Test Scenario #2 – FEIN 00-0200002

File a Virginia corporate return with a filing status of a separate Virginia corporate return, Form 500, for a corporation who files a consolidated fiscal year federal return with a mailing address change.

Schedule 500A is attached and the taxpayer elected to apportion their income using the Manufacturer's Modified Apportionment Method.

There are Additions reported on Schedule 500ADJ.

- Code 05
- Code 10
- Code 15
- Code 99

There are Credits reported on Schedule 500CR.

- Telework Expenses Tax Credit, Part XXIX
- Educational Improvement Scholarship Tax Credit, Part XXX

The return results in a balance due which includes interest and/or penalty for underpayment of estimated Virginia income tax (Form 500C). The payment made uses direct debit with the warehouse date provided by the taxpayer. The return is filed before the due date.

Forms to include:

- Form 500
- Schedule 500ADJ
- Schedule 500A
- Form 500C
- Schedule 500CR
- Schedule 500FED
- Form 1120

500 Test Scenarios (con't)

Test Scenario #3 – FEIN 00-0200003

File a combined Virginia corporate return, Form 500, for a corporation who files a fiscal tax year federal return. Schedule 500A is attached. There are 13 affiliates.

There is negative taxable income with an Addition modification, Interest on state obligations other than Virginia, Section A, Line 5 of Schedule 500ADJ.

There are Credits reported on Schedule 500CR.

- Farm Wineries and Vineyards Tax Credit, Part XXIII
- International Trade Facility Tax Credit, Part XXIV

The return results in an overpayment and the corporation has requested a refund. The combined corporation attaches the tax return computation documentation as a binary attachment to support the combined filing status.

Forms to include:

- Form 500
 - Schedule 500A
 - Schedule 500CR
 - Schedule 500FED
 - Schedule 500AC
 - Schedule 500 ADJ
 - Form 1120
 - Binary Attachment – Return Computation Documentation
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Test Scenario #4 – FEIN 00-0200004

File a Virginia multistate corporate return, Form 500, with taxable income and Schedule 500A attached.

There are Additions reported on Schedule 500ADJ

- Line 3
- Line 4
- Line 5

There are Credits reported on Schedule 500CR.

- Port Volume Increase Tax Credit, Part XXV
- Clean-Fuel Vehicle Job Creation Tax Credit, Part XI

There are estimated payments and overpayment credit from the prior year reported. The return results in a tax due paid by direct debit.

Forms to include:

- Form 500
- Schedule 500A
- Schedule 500CR
- Schedule 500AC
- Schedule 500FED
- Schedule 500ADJ
- Schedule 500AB
- Form 1120
- Binary Attachment – Clean-Fuel Vehicle Job Creation Tax Credit

500 Test Scenarios (con't)

Test Scenario #5 – FEIN 00-0200005

File a fiscal tax year Virginia multistate corporate return, Form 500, with taxable income and a Schedule 500A attached.

The taxpayer has elected to apportion income using the Financial Corporation Cost of Performance Apportionment Method. The initial filer checkbox is checked and there is a physical address change.

The taxpayer is reporting Nonapportionable Income on Schedule 500A – Section B, Line 3c.

There are Credits reported on Schedule 500CR.

- Barge and Rail Usage Tax Credit, Part XXVI
- Major Business Facility Job Tax Credit, Part X
- Livable Home Tax Credit, Part XXVII

There is an overpayment to be applied to next year's estimated tax.

Forms to include:

- Form 500
 - Schedule 500CR
 - Schedule 500AC
 - Schedule 500A
 - Schedule 500FED
 - Form 1120
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Test Scenario #6 – FEIN 00-0200006

File a calendar tax year Virginia corporate return, Form 500, for a telecommunications company that is attaching Form 500T.

There are Additions reported on Schedule 500ADJ.

- Line 1
- Line 5
- Line 6
- Code 14

There are Credits reported on Schedule 500CR.

- Community of Opportunity Tax Credit, Part XXI
- Research and Development Expenses Tax Credit, Part XXVIII

There are Credits reported on Schedule 500T.

- Historic Rehabilitation Tax Credit, Part 2(L)
- Education Improvement Scholarships Tax Credit, Part 2(DD)

The taxpayer reported estimated payments and the return results in a balance due and the taxpayer pays by EFT.

Forms to include:

- Form 500
- Form 500T
- Schedule 500CR
- Schedule 500ADJ
- Schedule 500FED
- Form 1120

500 Test Scenarios (con't)

Test Scenario #7 – FEIN 00-0200007

File a fiscal tax year Virginia consolidated corporate return, Form 500, with taxable income. Schedule 500A is attached and the taxpayer elected to apportion Income using the Retail Company Sales Factor.

There is Pass-Through Entity (PTE) withholding for 19 PTEs on Line 15. The taxpayer populated Line D, Form 500, Pages 1 with 19.

There are Additions and Subtractions reported on Schedule 500ADJ.

- Code 18
- Code 15
- Code 50
- Code 60
- Code 99

There are Credits reported on Schedule 500CR.

- Clean-Fuel Vehicle and Vehicle Emissions Testing Equipment Credits, Part IX
- Education Improvement Scholarships Tax Credit, Part XXX

The return results in an overpayment and the corporation requests a refund.

Forms to include:

- Form 500
- Schedule 500AC
- Schedule 500FED
- Schedule 500A
- Schedule 500ADJ
- Schedule 500CR
- Form 1120
- Binary Attachment – Clean-Fuel Vehicle and Vehicle Emissions Testing Equipment Credits

Test Scenario #8 – FEIN 00-0200008

File a short year Virginia consolidated corporate return, Form 500, with negative federal taxable income and Schedule 500A is attached. The taxpayer populated Line A, Form 500, page 1 with \$5,000.00.

There are 4 payments made to related entities reported on Schedule 500AB, Part 1.

There is an Addition reported on Schedule 500ADJ – Section A, Line 2.

There are Credits reported on Schedule 500CR.

- Riparian Waterway Buffer Credit, Part XVIII
- Land Preservation Tax Credit, Part XIX
- Virginia Coal Employment and Production Incentive Tax Credit, Part XX

There is no overpayment or balance due on this return.

Forms to include:

- Form 500
- Schedule 500AB
- Schedule 500AC
- Schedule 500FED
- Schedule 500A
- Schedule 500ADJ
- Schedule 500CR
- Form 1120
- Binary Attachment – Virginia Coal Employment and Production Incentive Tax Credit

500 Test Scenarios (con't)

Test Scenario #9 – FEIN 00-0200009

File a fiscal tax year Virginia corporate return, Form 500. The taxpayer is an Electric Supplier and attaches Schedule 500EL.

Taxpayer allows the Tax Department to discuss the return with the tax preparer and answered **Yes** on Line E, Form 500, Page 1 with years 2003 and 2004 reported. There is no overpayment or balance due.

Forms to include:

- Form 500
 - Schedule 500EL
 - Schedule 500A
 - Schedule 500FED
 - Schedule 500AC
 - Form 1120
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Test Scenario #10 – FEIN 00-0200010

File a Virginia multistate corporate return, Form 500, with taxable income and Schedule 500A attached. The Change in Accounting Period checkbox is populated. The corporation files as a Construction Corporation. The extension payment reported with an overpayment is applied to next year's estimated tax.

There are Additions and Subtractions reported on Schedule 500ADJ.

- Section A, Line 2.
- Section B, Line 3
- Section B, Line 8
- Section B, Line 9, Code 99

Forms to include:

- Form 500
 - Schedule 500A
 - Schedule 500AC
 - Schedule 500ADJ
 - Schedule 500FED
 - Form 1120
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Test Scenario #11 – FEIN 00-0200011

File a calendar tax year Virginia corporate return, Form 500, with 6 affiliates reported and Schedule 500A attached. The taxpayer is filing as a Homeowners Association attaching 1120H as a PDF.

There are Additions reported on Schedule 500ADJ

- Section A, Line 4
- Section A, Line 5

There are Credits reported on Schedule 500CR.

- Enterprise Zone Act Credit, Part III
- Motion Picture Production Tax Credit, Part XXXIII

Estimated payments are reported and the return results in an amount due, filed late and paid by direct debit.

Forms to include:

- Form 500
- Schedule 500A
- Schedule 500CR
- Schedule 500AC
- Schedule 500ADJ
- Schedule 500FED
- Binary Attachment – Enterprise Zone Act Credit
- Binary Attachment – 1120H

500 Test Scenarios (con't)

Test Scenario #12 – FEIN 00-0200012

File a fiscal tax year Virginia multistate corporate return, Form 500, with negative federal taxable income and Schedule 500A attached. The Final return checkbox is populated. There are estimated payments reported.

There is a Refundable Tax Credit reported on Schedule 500CR, Part XXXII.

The return results in an overpayment and the corporation has requested a refund.

Forms to include:

- Form 500
 - Schedule 500A
 - Schedule 500AC
 - Schedule 500CR
 - Schedule 500FED
 - Form 1120
 - Binary Attachment – Form 306
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Test Scenario #13 – FEIN 00-0200013

File a Virginia corporate return, Form 500, with a filing status change. Virginia taxable income is fully taxable (apportionment factor = 100%).

There are Subtractions reported on Schedule 500ADJ.

- Section B, Line 1
- Section B, Line 5

There are Credits reported on Schedule 500CR.

- Conservation Tillage Equipment Credit, Part IV
- Neighborhood Assistance Act (NAA) Credit, Part II

The return results in a balance due and the taxpayer is paying by EFT.

Forms to include:

- Form 500
 - Schedule 500CR
 - Schedule 500ADJ
 - Schedule 500FED
 - Form 1120
 - Binary Attachment – Conservation Tillage Equipment Credit
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Test Scenario #14 – FEIN 00-0200014

File an amended 2013 Virginia corporate Form 500, with Federal Audit changes and Schedule 500A attached.

There are changes reported on these forms.

- Schedule 500CR – Precision Fertilizer and Pesticide Application Equipment Credit, Part VI
- Schedule 500ADJ – Section B, Line 1
- Schedule 500ADJ – Section B, Line 5

The return results in a balance due and the taxpayer is paying by EFT.

Forms to include:

- Form 500
- Schedule 500A
- Schedule 500CR
- Schedule 500ADJ
- Schedule 500FED
- Form 1120
- Binary Attachment – Precision Fertilizer and Pesticide Application Equipment Credit

502 Test Scenarios

Test Scenario # 15 – FEIN 00-0200015

File a fiscal tax year Virginia Form 502 with 10 nonresident owners and federal Form 1120S attached. Schedule 502A is present with Section A Line 6 checked with an election year of 7/15/13.

There are Additions and Subtractions reported on Schedule 502ADJ.

- Code 11
- Code 14
- Code 20
- Code 49

A Nonrefundable Credit of Worker Retraining Credit and a Refundable Credit of Motion Picture Production Tax Credit are being claimed on Schedule 502ADJ.

Taxpayer made withholding payments and the return results in an overpayment with 25% of the overpayment applied to next year's tax and 75% refunded.

Forms to include:

- Form 502
- Schedule 502A
- Schedule 502ADJ
- VK-1
- Form 1120S

Test Scenario # 16 – FEIN 00-0200016

File a calendar tax year Virginia Form 502 with 3 nonresident owners and federal Form 1065 attached.

There are Fixed-Date Conformity Additions and Subtractions reported on Schedule 502ADJ.

- Code 15
- Code 16
- Code 99

There are Nonrefundable Tax Credits reported on Schedule 502ADJ.

- Clean-Fuel Vehicle and Vehicle Emissions Testing Equipment Credits
- Research and Development Expenses Tax Credit

Taxpayer filed over 6 months late with a balance due of withholding tax and is thereby liable for Late Filing penalty of 30% on the balance of tax due. Taxpayer is also liable for late filing penalty of Form 502 of \$1200.00.

Forms to include:

- Form 502
- Schedule 502A
- Schedule 502ADJ
- Schedule 500AB
- VK-1
- Form 1065

502 Test Scenarios (con't)

Test Scenario # 17 – FEIN 00-0200017

File a calendar tax year Virginia Form 502 with 4 owners and Final return checkbox is checked with Federal Form 1120S attached. Schedule 502A is present and they file as a Construction Corporation.

There is a refundable tax credit, Coalfield Employment and Refundable Coal Employment and Production Incentive Tax Credit reported on Schedule 502ADJ. The return results in an overpayment.

Forms to include:

- Form 502
- Schedule 502A
- Schedule 502ADJ
- VK-1
- Form 1120S

Test Scenario #18 – FEIN 00-0200017

File an amended tax year 2013 Virginia Form 502 reporting a change in the total number of owners, a name change and an address change. Federal Form 1120S is also attached

There is an Addition Code 10 reported on Schedule 502ADJ with a \$5,000.00 increase in taxable income reported.

Forms to include:

- Form 502
- Schedule 502ADJ
- VK-1
- Form 1120S