Commonwealth of Massachusetts
Department of Revenue

Part 1 - 2012 Personal Income Tax Software Developer's Guide

A Guide for Form Vendors and Software Developers
of Massachusetts *Forms 1 & 1-NR/PY*

Tax Year 2012
Processing Year 2013

Note: This document is based on ***2012*** forms

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Because of sizing issues, the data layouts are a separate document.

Preface

This document (parts one and two) are designed to help those individuals tasked with analyzing certain Commonwealth of Massachusetts, Department of Revenue (DOR) income tax forms in order to develop software used in the preparation and filing of those forms. The Software Developers Guide is best used in conjunction with the published forms and instructions; it is not a substitute for those documents.

Enclosed are the specifications used to create 1 dimensional and 2 dimensional barcodes so that DOR will be able to read them. Part two of this document outlines the order and type of data expected in the various 2 dimensional barcodes.

The Data Specifications section of part 1 has information geared towards validating data. The Changes to Massachusetts Income Forms and Schedules section of part 1 talks about changes made from the previous years forms and instructions. As this is a “living” document, you will find a Document Revision section that gives a brief outline of the changes made since its last publication. Also, a contact list is provided for anyone needing technical assistance. Note: these contacts can not offer any help in dealing with specific taxpayer issues. Follow this link for phone numbers of the various DOR help lines:
http://www.mass.gov/?pageID=dorterminal&L=3&L0=Home&L1=Tax+Professionals&L2=Help+%26+Resources&sid=Ador&b=terminalcontent&f=dor_help_direct&csid=Ador

Introduction

The Department of Revenue will be accepting 2-D barcodes on the Massachusetts Resident Income Tax return Form 1 with Schedules B, C, CB, D, DI, E, EC, EOAC, HC, INC, LP, RFC, SC, X/Y & Z/RF and Massachusetts Nonresident Income Tax return Form 1 NR/PY with Schedules B, C, CB, D, DI, E, EC, EOAC, HC, INC, LP, RFC, SC, X/Y Z/RF & NTSL-NR for tax year 2011.

It is mandatory that all software created personal income tax returns include a 2D barcode on each 2D enabled form or schedule. (See table 1) Failure to produce a 2D barcode on third party returns may result in taxpayers having their returns rejected and the imposition of penalties for noncompliance.

See Technical Information Release TIR-04-30 & TIR-09-18 for information on Electronic Filing requirements for Income Tax Taxpayers. TIR-09-18 has very important information for those taxpayers filing a composite return. Composite Returns are to be filed on Form MA NRCR; the exception being professional athletes who may still file using the Form 1 NRPY. Also, TIR 11-xx Electronic Filing Required By Certain Tax Preparers, which modifies TIR 4-30 & TIR 5-22.

All vendors must use the transparent films and the attached tables to determine field sizes and locations. Do not use the "Red" DOR published forms for anything more than general information. The "Red" forms have more text requirements than the vendor version. Also, a physically larger data area to accommodate handwriting means smaller data field length than the films. This significantly changes the appearance relative to the vendor version of the forms.

The software must advise taxpayers to review their entire return for accuracy and completeness, paying close attention to:

- Carryover of data from schedules to the form especially if a schedule was added to the return subsequent to the initial return being prepared
- Social Security number correctness
- Name and Address information correctness
- If name and address has changed from the prior filing season, the name and address changed box <u>must</u> be checked

The Department experiences problems with taxpayer address information being incorrectly presented; specifically, the misuse, of the "Care-of" data field. Please review Taxpayer Registration Rules outlined later in this document; which include samples. These samples may be used to help taxpayers understand what the Department expects on the address line items.

The software <u>must</u> ensure that Name, Address and Social Security information is present prior to printing the return[1].

Also, the software must contain a brief explanation of what a 2-D barcode is and inform taxpayers that any changes made to a return after printing will not be reflected in the 2-D barcode unless they print a new return. Handwritten changes on computer-generated returns are not acceptable and will be given lowest priority within the data workflow. Failure to print a new return after making changes will severely impact DOR processing and introduce errors.

[1] Rules governing the fields associated with name and address can be found in the section labeled as Taxpayer Registration Rules.

The software must ensure the timely update of 2D encoded data especially in the scenario of multi-pass data entry[2]. Form M-2210, Form M-4868 & Schedule D-IS is not included in the 2 Dimensional barcode solution; if required, these forms must be included in the documentation sent to the Department as part of the annual income tax filing.

Our electronic filing specifications have not changed; they still include the W-2 and 1099 forms. If the taxpayer prints the return, the Schedule INC should print. If printing and mailing the Schedule INC, W2 & 1099 forms must not be mailed. The taxpayer should retain those documents with their other tax records. If the return is sent electronically, the W-2 and/or 1099 forms should be in the same format as have been sent to the Department in the past[3].

[2] See Quality Assurance section later in this document.

[3] See the electronic filing specification document for more information on ELF requirements.

Quality Assurance

The software must ensure that printed data and encoded data in the 2-D barcode are an exact match. Any updates to data must be reflected in the 2D barcode prior to a return being printed. This becomes especially important when a return is updated after its initial creation. Changes to any document within a return must flow to every other area of the return, as appropriate. For example, a W2 arriving late to the taxpayer could necessitate an update to the Schedule INC, Form 1 and Schedule CB. A substantial increase in income could negate a schedule CB credit eligibility.

This example also serves to illustrate the importance of reprinting and subsequently filing an updated return in its entirety. In the example, if a new schedule CB was not reprinted and submitted to the Department, the return would fail our validation process requiring a "Post Audit" review of the return. To help identify this type of scenario, the print date and time should be produced at the bottom of each page of every document of the return. Date format is discretionary upon the vendor. The location is to be at row 61, beginning at column 15. There must not be a user option to shut the timestamp off.

For their own internal purposes, the vendor may choose to print company name, an identification number, control number, version number, etc. on the form or schedule. Row 61 between columns 45 and 75 may be used for this purpose. When trying to research a problem, some vendors have found this information to be helpful. No printing is allowed below row 61. Printing below row 61 has a negative impact on reading the forms and schedules.

Portable Document Format - PDF Files

Please include this setting in all instructions to the user for printing a tax return. When saving a form in PDF format, the ADOBE reader defaults to fit or shrink to printable area. When this happens, the 2D barcode becomes unreadable. There is a setting in the PDF specifications that can be set in each file that will force the document to print without being shrunk. When using PDF files to save and/or print tax returns, the following PDF Viewer Preferences or properties must be set by the vendor application:

PrintScaling = None **Duplex = Simplex.**

The standard Adobe Reader when installed, defaults to Page Scaling set to "shrink to printable area" causing all documents to be scaled. This causes two problems: 1.) 2D barcodes become unreadable and 2.) Fixed location printing is shifted and also becomes unreadable.

Setting the PrintScaling property to none will override the local setting and force the document to print without scaling.

Setting the Duplex property to Simplex will override local settings and force the documents to be printed single sided. Simplex printing is a requirement for 2D bar coded returns.

These settings are explained in section 8.1, Viewer Preferences, page 577 of the following manual: PDF Reference sixth edition Adobe®
Portable Document Format Version 1.7 November 2006
Adobe Systems Incorporated

This document can be found at:
http://www.aiim.org/documents/standards/pdf/Pdf_reference_1-7.pdf

The following are excerpts from that manual.
PrintScaling The page scaling option to be selected when a print dialog is displayed for this document. Valid values are None, which indicates that the print dialog should reflect no page scaling, and AppDefault, which indicates that applications should use the current print scaling. If this entry has an unrecognized value, applications should use the current print scaling. Default value: AppDefault. Note: If the print dialog is suppressed and its parameters are provided directly by the application, the value of this entry should still be used.
Duplex - The paper handling option to use when printing the file from the print dialog. The following values are valid:
Simplex - Print single-sided
DuplexFlipShortEdge - Duplex and flip on the short edge of the sheet
DuplexFlipLongEdge - Duplex and flip on the long edge of the sheet

Attachment Inventory

The inventory fields are in place to help the Department to verify document integrity. If the income tax return contains two Schedule Cs, then our recognition software will count two. We are also able to validate against misidentified forms and schedules. As a last resort, we will request submission from the taxpayer who is truly missing forms and schedules. In the event that any given 2-D barcode cannot be read, the schedule inventory for the return is repeated in every barcode.

In the 2-D layouts found in part two of this document, field 10 represents an inventory - physical page count for the return. For example, if the return only consists of a Form 1 and one Schedule INC, then the count would be 4: Form 1 pages 1, 2 and 3 and 1 Schedule INC. Another example would be Form 1 and two Schedule Cs which yields a value of 7 in field 10: Form 1 pages 1, 2 and 3 and Schedule C front and back twice.

In the Form 1 2-D barcode, fields 11 through 19 show a breakdown of what is included in the taxpayer's return. Most often, field 11 would be one (1), meaning there is one Form 1 in the return; field 12 could be either zero (0) or one (1); field 13 could be zero (0) or whatever the number of Schedule C's which were included in the return.

To reiterate for clarity, field 10 counts the number of sides of every piece of paper that has taxpayer data on it. However, fields 11 through 19 count the number of a given form type that is included in the return. Field 19 counts those form types NOT expressly represented in Fields 11 through 18. Field 19 <u>should</u> <u>not</u> include any worksheets (for example AGI calculation) nor should explanatory or overflow attachments be included. It <u>should</u> include any form or schedule (Massachusetts or Federal or Other State's) to be mailed to DOR as part of the return being filed.

Field number 17, in the Form 1 & NRPY specification documents, counts the number of Schedule X/Y & Schedule Z/RF being filed. This value can be zero, one or two.

Multiple Instances of the Same Schedule

If three Schedule C forms were sent as part of the return, then the first instance of the Schedule C would have a value in field 11 of 1 and field 12 of 3. The second Schedule C would have a value in field 11 of 2 and field 12 of 3; and lastly, the third Schedule C would have a value in field 11 of 3 and field 12 of 3. If only one Schedule INC was supplied, then the value in field 11 and field 12 would both be 1.

General Specifications

Alphanumeric Data	Only 1 space between characters for word separation Left justified
Numeric Data	Whole dollar only, Rounded, Right justified Use whole dollar format
Negative Numbers	Leading dash (-), floating
Unused Data	No Zero fill, No Blank fill
Paper size	8 1/2” x 11”
Orientation	Portrait
Printing	Single-Sided 12 Point 10 Pitch Courier Upper Case only text ½ inch margin – sides, top and bottom Choose Print Scaling value of “None” via Adobe
Lines per Vertical inch	6 (1/16th of an inch)
Characters per Horizontal inch	10 (1/10th of an inch)
Paper weight	20 lb Bond minimum (non-recycled)
Paper Color	White
Print Color	Black
Print area Horizontal – first	Row 4
Print area Horizontal – last	Row 63
Print area Vertical – first	Column 6
Print area Vertical – last	Column 81
Prohibited	Shading Screens in the text area Reverse Characters (white on black background) Rotated text (Landscape printing) Logos and Seals No Dollar signs in Numeric fields No Commas in Numeric fields No Decimal Points No Pennies No parentheses to represent Negative numbers No text in Numeric fields (such as “None”)

The Department realizes that some specifications, such as paper and ink, are beyond the control of vendors. However, these specifications are critical to the successful implementation of the product and should be communicated to your customers.

PDF417 Suggested Specifications[4]

Encode type	Normal PDF417
DPI	300 dpi
Pixel shaving	ON
Code word count	Variable
Encryption	
Error Correction Level	4
Mils	10.0
Data Columns	Variable
Module Aspect Ratio	2.00 : 1
Data Rows	Variable
X Dimension	3
Location	Reserved area top right corner of the forms
Reserved space	3.75” x 1.5”
Max Characters	1500
Field Delimiter	Carriage Return
End of File Delimiter	“*EOD*”

1. PDF 417 has error detection and correction capabilities. The more error correction is used, the less data can be communicated in the barcode. With respect to data capture, you either get 100% or nothing. Complete barcode read failures are very uncommon. The tax Application Programming Interface (tax API) sets parameters for correction/detection. These parameters should be observed and not altered.

2. Based on the experience of previous filing seasons of 2-D barcode use, and due to the low level of deterioration of tax returns (compared to high media-abuse environments) the error correction level in the current market-provided DLL is set to level 4.

3. A general rule that can be used to determine if a printer is capable of producing a 2-D barcode is if the printer can produce a graphic such as a tax agency seal or business logo, then the printer should be capable of producing a 2-D barcode that can be scanned.

4. Pixel shaving is a technique that produces higher-quality barcodes when printed on lower-quality equipment like inkjet printers. Pixel shaving will result in improved read rates. In the DLL, pixel shaving will always be turned on.

5. Increasing the x (horizontal) dimension of the barcode elements from the minimum of 7.5 mils to the maximum of 25 mils will produce the most readable barcodes, especially on low quality ink/bubble jet printers. Whenever possible, software vendors will create a barcode that uses the largest possible x element value for the given space.

6. Users are advised that stretching or scaling the barcode (via copying the paper media or the like) changes its integrity and worsens readability; it should not be employed.

7. 2-D barcodes should never be rotated. Rotating a 2-D barcode increases processing difficulty and introduces the risk of errors. Since PDF-417 barcodes are read in both the x (horizontal) and y (vertical) directions on a portrait page, rotating them from their natural position can render the barcode unusable.

[4] Also see Tax Forms Processing – 2D Barcoding Standards: Section 3 as found at WWW.NACTP.ORG.

8. Unless otherwise noted in Part 2, any line item left unanswered or having a value of zero (blank, no data, nul or 0) should not have a value on the printed page or in the 2D barcode. An inspection of the 2D barcode (raw data) should look something like this, which represents 2 consecutive line items having no data values. <CR><CR><CR>

1 Dimensional Barcode layout

The 1-D barcode of twelve characters plus leading and trailing asterisks is described here[5].

112233345555

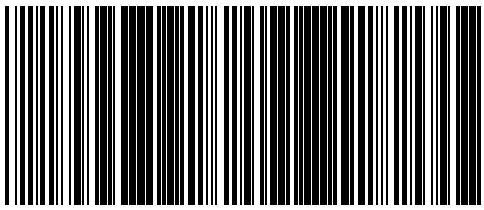
Field	Name	Characters	Value	Misc.
1	State ID	2	“MA”	
2	Year	2	“12”	
3	Form ID	3	Standard MASSTAX values.	See Table 1 for complete list of Form IDs
4	Page Number	1	Page number for form or schedule.	Physical page
5	Vendor ID	4	Company ID assigned by NACTP to Form Creator	

The following are the 1-D parameters:

1. Code: 39 symbology
2. Twelve characters[6]
3. Ratio: 2.5:1 wide narrow
4. Height: One inch
5. Length: 2 1/2 inches
6. An alphanumeric version of the 1-D barcode must appear in the exact position specified on the record layout[7]
7. “X” dimension (the narrowest bar and/or space) must be at least 1.5 pts (approximately 20 mils or 3/144 “)
8. Each bar in the barcode must be solid. Streaks in the barcode are unacceptable.
9. A ¼” quiet zone around the barcode must be maintained (the bottom edge can have one print line (approximately 3/16”) of space below it). The top left anchor is the only exception.

The following barcode represents a potential 1-D barcode for the 2002 Form 1 (DOR hand-printed version).

MA020011M001



[5] The Asterisks are not part of the 1-D value, but part of the Code 39 characteristics.
[6] This does not include the start and stop asterisk

[7] See pdf for exact positioning. This is generally to the right of the form name.

Table 1: Form ID

The Form IDs below are used in both the 1-D barcode and the 2-D barcode header section.

Form	Form ID			1D Field 4 value
Form 1	001			
Form 1 NRPY	006			
Schedule B	010			
Schedule C	011			
Schedule CB	026			
Schedule D	012			
Schedule DI	SDI			
Schedule D-IS	027		Not 2D enabled	
Schedule E	013	→	Schedule E-1	1
			Schedule E-2	2
			Schedule E-3	3
			Schedule E Summary pg 1	4
			Schedule E Summary pg 2	5
Schedule EC	SWC			
Schedule EOAC	EOA			
Schedule HC	029	→	Schedule HC pg 1	1
			Schedule HC pg 2	2
			Schedule HC pg 3	3
			Schedule HC-CS	4
Schedule INC	INC			
Schedule LP	LPC			
Form M-2210	016		Not 2D enabled	
Form M-4868	046		Not 2D enabled	
Schedule NTSLNR	021			
Schedule RFC	RFC			
Schedule RNR	RNR		Not 2D enabled	
Schedule SC	CSC			
Schedule TDS	TDS		Not 2D enabled	
Schedule X/Y	SXY			
Schedule Z/RF	SZZ			
Schedule BC	BRC		Brownfields not 2D enabled	

Data Specifications

General

Pending legislation may affect some line items. See instructions on the DOR web site for any last minute updates.

Failure to produce a 2D barcode on third party returns may result in taxpayers having their returns rejected and the imposition of penalties for noncompliance. Those vendors whose software allows the user to choose to print the 2D barcode or not, should default to “print”. For those vendors who choose to allow DRAFT versions of a return to be printed, the Department would prefer a 2D barcode to be included in the draft printing. However, in lieu of the 2D barcode for a draft, please print the following text in the 2D reserved area: “DO NOT MAIL. MISSING 2D BAR CODE”.

If a vendor chooses to release unapproved or draft software to the public then a watermark, or some such print design, must be printed in such a font that the taxpayer name and address data on the form are completely obliterated and unreadable. The text of the message should convey “DO NOT FILE. DOWNLOAD THE LATEST SOFTWARE PATCH PRIOR TO SUBMITTING THIS RETURN”. The vendor has the choice of what exactly the verbiage will be. The watermark must be removed as part of the live or final software patch.

All forms and schedules are whole dollar only.

To allow the paid preparer or taxpayer to verify that their printer can produce the 1D barcode, 2D barcode and anchors, the Department suggests that the software providers include a test page containing a 2D barcode, 1D barcode & anchors. Together, with appropriate instructions and text explaining what the barcodes are and why they are important, the Department hopes to avoid rejecting returns or imposing penalties for cases were barcodes are missing.
For those returns prepared by someone other than the taxpayer, identifying fields Preparer Name, phone, and PTIN/EIN are mandatory. The software geared towards professionals, must insure that paid preparer information has been entered prior to printing.

The value of accurate taxpayer name and address information is self-evident and as important is consistency. To that end, attached below are Standard Addressing abbreviations that are to be used when formatting the data for BOTH print and 2D encoded address fields.

Apartment, Suite, and Room numbers should be placed in the Apartment Number field. Acceptable values are numeric digits and alpha letters. DO NOT include the “Apt.” prefix, pound signs (#), dashes or any other special characters. Please discontinue the practice of concatenating street address and apartment number values. When printing, the apartment number should be a separate field on the form.

Taxpayer Registration Rules

The following rules are for both the PRINTED data and the ENCODED data in the 2-D barcode. In the event that this guide does not address a specific scenario, please refer to the 'Postal Addressing Standards' document at http://pe.usps.gov/cpim/ftp/pubs/Pub28/Pub28.pdf

- Alpha characters must be in upper case only.
- Use no punctuation or symbols. If a fraction is part of the street address, enter a forward facing slash (/) as needed. Note: this is the ONLY symbol that may be used in the taxpayer name and address area. *Hyphens and Apostrophes are also prohibited*.
- Do NOT include titles or ranks such as DR, MD, ENSIGN, SGT etc.
- Use Roman Numerals (alpha character) for numeric suffixes.
- Never allow a space in a name field except as a prefix to JR, SR, II etc.
- The SSN must be nine digits (no dashes).
- An address of a Post Office Box is formatted in the following manor:
  PO BOX ####. All capital letters, one space between the "O" of "PO" and the "B" of Box, one space after the "X" in BOX, and as many digits as needed for the box number.
- Use standard abbreviations for the suffix of the street name (included below).
- Additional address field is a supplemental field used for "in care of" name and additional address information as needed.
- If there is an Apartment, Suite or Room number in the address, that information should be placed in the Apartment Number field. Do not include the "APT" prefix or any characters other than numbers or letters.[8]
- In example 4, the address is the address of "Lenny Lawyer" NOT the taxpayer. In this example we are interested in the address of where any correspondence is to be sent.
- Never abbreviate the name of a foreign country. When the address is outside the United States, the name of the country is keyed in the City field & "FC" is keyed in the State field.
- Print Example 1 and 2 illustrates the order in which DOR will print the Address fields on an envelope. When we have no data for a field, we omit printing that line.
- ZIP code can be 9 or 5 digits (no dash).

Print Example 1		
Data	**Field Names**	**Print Order on the Envelope**
DAVID ADAMS	Taxpayer Name	DAVID ADAMS
LIZ ADAMS	Spouse Name	LIZ ADAMS
1 BADGER PL	Street	C/O WI CHEATEM HOWE
BOSTON MA 02126	City State ZIP	DIVISION OF TAXATION
C/O WI CHEATEM HOWE	Care of Line 1	1 BADGER PL
DIVISION OF TAXES	Care of Line 2	BOSTON MA 02126
Print Example 2		
Data	**Field Names**	**Print Order on the Envelope**
PAT OCONNOR	Taxpayer Name	PAT OCONNOR
1 MAIN ST	Street	C/O WILLIAM WILLIAMS
BOSTON MA 02128	City State ZIP	1 MAIN ST
C/O WILLIAM WILLIAMS	Care of Line 1	BOSTON MA 02128

[8] APT and SUITE verbiage is included in example 3 and example 4 for clarity only.

The following examples map data to field names in the 2D Layout:

Example 3		**Example 4**	
JOE CAMPUS	Taxpayer Name	BILL BLAST	Taxpayer Name
APT 1202	Apartment No	C/O LEN LAWYER	Care of Line 1
14 HARVARD ST	Street	SUITE 1123A	Apartment No
BOSTON MA 02127	City State Zip	121 SAMUELS AV	Street
		BOSTON MA 02128	City State Zip
Example 5		**Example 6**	
PATRICK CLARK	Taxpayer Name	ENRIQUE LOPEZ	Taxpayer Name
LONDON WIP 691 Q	Street	SANTANA 12	Street
ENGLAND	City	CHILE	City
FC	State	FC	State
00000 0000	Zip	00000 0000	Zip
12543 ROYAL CT	Care of Line 1	PO BOX 478	Care of Line 1
Example 7		**Example 8**	
PIERRE ROY	Taxpayer Name	FELIX UNGER	Taxpayer Name
75008 PARIS	Street	COPENHAGEN	Street
FRANCE	City	DENMARK	City
FC	State	FC	State
00000 0000	Zip	00000 0000	Zip
99 RUE DE LIBERTAD	Care of Line 1	C/O GENERAL DELIVERY	Care of Line 1
Example 9			
SEAN BROWN	Taxpayer Name		
DUBLIN 1	Street		
IRELAND	City		
FC	State		
00000 0000	Zip		
TEA LTD	Care of Line 1		
77 EDEN QUAY	Care of Line 2		

- Military “APO” or “FPO” addresses
  - Enter “APO” or “FPO” in the first three positions of the city field
  - DO NOT enter the name of the city for “APO” and “FPO” addresses; and
  - Enter two-digit state code in the state field:

State Code	ZIP code range
AA	34000 – 34099
AE	09000 – 09999
AP	96200 – 96699 and 98700 – 98799

  - In the state field, use the standard two-digit abbreviation for the state or United States possessions. (see below)
  - If foreign address, enter country beginning in the state field

Standard Abbreviations

Air Force Base	AFO	Apartment	APT	Avenue	AV
Boulevard	BL	Building	BLD	Circle	CIR
Court	CT	Department	DEP	Drive	DR
East*	E	Highway	HWY	Lane	LN
North*	N	Northeast*	NE	Northwest*	NW
Number	NO	Parkway	PKY	Place	PL
Post Office Box	PO BOX	Road	RD	San	SN
South*	S	Southeast*	SE	Southwest*	SW
Space	SP	Square	SQ	Street	ST
Suite	STE	Terrace	TER	Unit	UN
Way	WY	West*	W		

***abbreviate only when used as a direction**

State or U.S. Possessions Abbreviations

Alabama	AL	Alaska	AK	American Samoa	AS
Arizona	AZ	Arkansas	AR	California	CA
Colorado	CO	Connecticut	CT	Delaware	DE
District of Columbia	DC	Federated States Micronesia	FM	Florida	FL
Georgia	GA	Guam	GU	Hawaii	HI
Idaho	ID	Illinois	IL	Indiana	IN
Iowa	IA	Kansas	KS	Kentucky	KY
Louisiana	LA	Maine	ME	Maryland	MD
Marshall Islands	MH	Massachusetts	MA	Michigan	MI
Minnesota	MN	Mississippi	MS	Missouri	MO
Montana	MT	Nebraska	NE	Nevada	NV
New Hampshire	NH	New Jersey	NJ	New Mexico	NM
New York	NY	North Carolina	NC	North Dakota	ND
Northern Mariana Islands	MP	Ohio	OH	Oklahoma	OK
Oregon	OR	Palau	PW	Pennsylvania	PA
Puerto Rico	PR	Rhode Island	RI	South Carolina	SC
South Dakota	SD	Tennessee	TN	Texas	TX
Utah	UT	Vermont	VT	Virgin Islands	VI
Virginia	VA	Washington	WA	West Virginia	WV
Wisconsin	WI	Wyoming	WY		

Form 1

If the taxpayer or spouse is deceased, prefix the First Name field with the following text as appropriate. The text should be in all capital letters and, if need be, part of the first name would be truncated. Lastly, there is a space after the “F” in the word “OF” and the “R” in the word “OR”

- ‘EST OF’ for primary taxpayer if deceased (always)
- ‘EST OF’ for spouse if primary is also deceased (filing status “Joint” only)
- ‘OR’ for spouse if primary deceased and spouse NOT deceased (filing status “Joint” only)
- ‘OR EST OF’ for spouse if primary is NOT & spouse IS deceased (filing status “Joint” only)

In cases where a Decedent’s Return is to be filed, the Claimant’s Name must appear in the “Care-Of” line of the Address.

When filing a “Joint” return, the spouse’s social security number must be present.
When filing “Married Filing Separate”, the spouse’s social security number must be present.

In cases where the taxpayer/spouse has no social security number, they must complete and file Form SS-5 and obtain their SSN before completing their tax return. Form SS-5 is available at www.socialsecurity.gov, from the taxpayer’s local Social Security Administration (SSA) office or by contacting the SSA at (800) 772-1213. If the taxpayer is a nonresident or resident alien who does not have and is not eligible to obtain an SSN, they must apply for and obtain an Individual Taxpayer Identification Number (ITIN). Taxpayers can obtain an ITIN by completing and filing Form W-7, which is available at www.irs.gov or by contacting the IRS at (800) 829-1040. We no longer accept NRANRANRA or APPAPPAPP as a valid SSN.

Line 8 has part A & B, which represents Unemployment and Mass State Lottery winnings.

If a deduction is not being taken on Line 13, the number of children MUST be zero or blank.

Care must be taken when programming the Rental Deduction amount, as the amount must be half the total rent for the year to a MAXIMUM of $3,000.

In the event the taxpayer is eligible to take the “No Tax Status” designation, the remainder of the form MUST still be completed.

If the Earned Income Credit is not being taken, the number of children MUST be zero or blank. EIC allows for 3 or more children. See instructions for BOTH IRS (Federal) and Massachusetts State income tax for changes in thresholds to the EIC calculation.

In order to do the EIC calculation, the number of children must be included. Zero is a valid number. However, blank is not. When it is blank, the EIC is negated.

In order to take EIC, the number of children must be included (0,1,2 or 3); the US amount must be included (within limits for the number of children); and the final EIC amount (again, within limits) must be included. Also, the Schedule DI must be included listing the qualifying child(ren) with the EIC radio button filled.

If any of the 3 elements in not there, the EIC is disallowed. If the Schedule DI is not filled out properly, the EIC is disallowed.

If the EIC is NOT something the taxpayer intends on taking, then all 3 fields (number of EIC children, US amount & EIC amount) should be left blank.

If the taxpayer so chooses, an optional tax rate of 5.85% may be chosen. Field 78 must be filled in for this rate to be used. The default rate (currently 5.25%) will be taken if Field 78 is not filled in.

Form 1NRPY

Total Income from US form 1040 allows negative values.

For those vendors allowing Composite Returns to be filed using their software, the following applies: Composite return filers must file using Form MA NRCR and the form must be filed electronically. Any composite return filed on paper and mailed to the department will be

destroyed. Any payments will be credited to the taxpayer account. The return will be considered to be not filed until such time as it is accepted via the electronic filing system. See Technical Information Release TIR-09-18 for more information. There is only one exception: that being professional athletes, who may still file using the Form 1 NRPY, and are not bound by the E-file mandate.

If the taxpayer or spouse is deceased, prefix the First Name field with the following text as appropriate. The text should be in all capital letters and, if need be, part of the first name would be truncated. Lastly, there is a space after the "F" in the word "OF" and the "R" in the word "OR"

- 'EST OF' for primary taxpayer if deceased (always)
- 'EST OF' for spouse is primary is also deceased (filing status "Joint" only)
- 'OR' for spouse if primary deceased and spouse NOT deceased (filing status "Joint" only)
- 'OR EST OF' for spouse if primary is NOT & spouse IS deceased (filing status "Joint" only)

In cases where a Decedent's Return is to be filed, the Claimant's Name must appear in the "Care-Of" line of the Address.

When filing a "Joint" return, the spouse's social security number must be present.
When filing "Married Filing Separate", the spouse's social security number must be present.

In cases where the taxpayer/spouse has no social security number, they must complete and file Form SS-5 and obtain their SSN before completing their tax return. Form SS-5 is available at www.socialsecurity.gov, from the taxpayer's local Social Security Administration (SSA) office or by contacting the SSA at (800) 772-1213. If the taxpayer is a nonresident or resident alien who does not have and is not eligible to obtain an SSN, they must apply for and obtain an Individual Taxpayer Identification Number (ITIN). Taxpayers can obtain an ITIN by completing and filing Form W-7, which is available at www.irs.gov or by contacting the IRS at (800) 829-1040.

Line 10 has part A & B, which represents Unemployment and Mass State Lottery winnings.

Income apportionment (Line 13) requires special mention here. There are instances when a taxpayer and spouse each have different methods of apportioning their income. For example, a husband and wife are both long haul truck drivers. The husband may find it better to apportion his income generated in Massachusetts by the number of miles he drives in the state. The wife, who works part time, may find it better to apportion by the number of days she drives in Massachusetts.

If the vendor software allows such a scenario, there is room set aside in the 2D barcode layout that allows for 2 sets of apportionment data to be captured. You will see that there are data items named "T Basis" (field 64) and "S Basis" (field 72) and they both refer to line 13a of the Form 1NRPY. If the vendor software does not allow for this scenario, then the series of "S" fields for line 13 are simply left blank.

If line 14e is greater than zero, then line 14a MUST equal line 12.

If not taking a deduction on Line 17, the number of children MUST be zero or blank.

Care must be taken when programming the Rental Deduction amount, as the amount must be half the total rent for the year to a MAXIMUM of $3,000[9].

In the event the taxpayer is eligible to take the "No Tax Status" designation, the remainder of the form MUST still be completed.

If the Earned Income Credit is not being taken, the number of children MUST be zero or blank. EIC allows for 3 or more children. See instructions for BOTH IRS (Federal) and Massachusetts State income tax for changes in thresholds to the EIC calculation.

In order to do the EIC calculation, the number of children must be included. Zero is a valid number. However, blank is not. When it is blank, the EIC is negated.

In order to take EIC, the number of children must be included (0,1,2 or 3); the US amount must be included (within limits for the number of children); and the final EIC amount (again, within limits) must be included. Also, the Schedule DI must be included listing the qualifying child(ren) with the EIC radio button filled.

If any of the 3 elements in not there, the EIC is disallowed. If the Schedule DI is not filled out properly, the EIC is disallowed.

If the EIC is NOT something the taxpayer intends on taking, then all 3 fields (number of EIC children, US amount & EIC amount) should be left blank.

If the taxpayer so chooses, an optional tax rate of 5.85% may be chosen. Field 107 must be filled in for this rate to be used. The default rate (currently 5.25%) will be taken if Field 107 is not filled in.

Schedule B

Only one Schedule B per return filing is allowed.

Schedule C

File as many as needed to complete the return.
An Employer Identification Number (EIN) is required if a taxpayer has any employees or meets any of the requirements outlined at:
<http://www.irs.gov/businesses/small/article/0,,id=97872,00.html> . We want all taxpayers that are required to have an EIN to enter it.
The Federal Schedule C may NOT be filed instead of the Massachusetts Schedule C.

Schedule CB

File as many as needed to complete the return..
Senior circuit breaker maximum amount is $1,000 (Lines 17 & 21)
Maximum valuation on Line 2 is $705,000
Maximum amounts on Line 9 are: Single - $53,000; HOH - $67,000; Joint - $80,000
If, in the course of determining eligibility for the CB credit, it is determined that the taxpayer is NOT eligible for the credit, clear all Schedule CB data elements in the 2D barcode and in print.
The address must be the street address of the residence, not a PO Box.

[9] This is apportioned as necessary.

Schedule D
Only one Schedule D per return filing is allowed.

Schedule D-IS
Only one Schedule D-IS per return filing is required as needed. (not 2D enabled)

Schedule E
File as many as needed to complete the return (pages 1, 2 & 3). Only one entity type per page should be filed. For example: Schedule E-3, if the taxpayer has both Trust and Farm income, then two E-3s should be filed. Pages 4 and 5 are the totals pages. For as many page 1, 2 or 3 exist, the totals per line item are carried across to pages 4 and 5. All taxpayers filing a Schedule E must use either 2D or ELF filing method. No official "Red" version of the schedule will be produced.

Schedule E-1: negative values are allowed: line 20, 21, 23 & 24
Schedule E-2: Enter losses as a POSITIVE amount: 1, 3 & 4
: negative values are allowed: line 7, 8 & 11
Schedule E-3: Enter losses as a POSITIVE amount: 1 & 3
: negative values are allowed: line 6, 7, 9, 13, 15, 17 & 18

If the taxpayer is filing as either an Estate or as a Trust, check off the "Estate" box and send an "E" for field 16 in the 2D barcode. However, if filing as a REMIC or Farm, then check the appropriate box and send the corresponding code in field 16 of the 2D barcode.

Schedule E Totals pg 1: negative values are allowed: line 20, 21, 23 & 24
pg 2: Enter losses as a POSITIVE amount: line 25, 27, 28, 36 & 38
negative values are allowed: line 31, 32, 35, 41, 42, 44, 48, 50, 52, 53, 54 & 57

Schedule HC
Only one Schedule HC per return filing is allowed.
Schedule HC is used for providing mandatory Health Care Insurance information. "Credible service" clause was new for 2009; determined by the Health Care Connector and imposed upon the Health Care Insurance provider. The provider must provide the taxpayer with its "Credibility Score": Credible or Insufficient. Insufficient insurance, for tax purposes, is considered to be un-insured and penalized as such. For 2012, the maximum penalty per taxpayer is $105 per month for a total of $1,260 per person.

The HC mandate includes full year residents and those part year residents who were a resident for at least 63 days. A person who turns 18 years old during the 2012 calendar year has the same benefits as a part year resident and should be treated as such when figuring when they should be insured. When a taxpayer is a part year resident at any time during the year, they must have health insurance while a resident. The first month they become a resident, they are not obligated to have insurance. For the next 2 full months, they can have no insurance, penalty free. The penalty begins to accumulate on the 3rd month after they become residents. If the 3rd month is January 2012 or later, there is no penalty. If the taxpayer is no longer a resident before the 3rd month, there is no penalty.

When a taxpayer ceases to be a resident, the taxpayer must be insured through the last full month of residency. For example, if the taxpayer moves out of Massachusetts on July 6th, they must have had insurance through June 30th.

Similarly, if a taxpayer passes away, the taxpayer must be insured through the last full month of being alive.

Full year Nonresident and Nonresident Composite filers are exempt from filing Schedule HC. Those taxpayers who are under 18 years of age are exempt.

Birth dates must allow for leap year (February 29th) to be entered as a valid date.

All questions must be answered as appropriate to the Filing Status.

Please be sure that questions 3 & 4 are fully filled as appropriate. These fields are required but often omitted. This slows processing of the return as it necessitates communication with the taxpayer.

Question 4 must be answered such that ALL health insurance plans must be provided; regardless of if the plans were in effect concurrently or sequentially to one another. There is space on the 4th page of the schedule (called Schedule HC-CS) for up to 2 additional plans per taxpayer to be reported.

See Appendix C for Federal Poverty Level – Annual Income Standards

When indicating months of coverage, a month is considered full if the number of covered days is 15 or more, regardless of the month in question. 14 or less days of coverage means you were not covered for the month.

If a taxpayer or spouse has a gap in health insurance coverage, they MAY be liable for a penalty. There may be multiple gaps in coverage throughout the year. Each gap must be examined separately. If any gap is for two months or less, the person gets a free pass for that gap period. If the gap goes to 4 or more months, then the penalty liability for that gap is based on the number of months over 3. For example, if a taxpayer has a gap in coverage of 5 months, then the penalty is calculated based on 2 months without coverage. If a taxpayer is without coverage for all 12 months, the penalty is calculated on 12 months (No “free pass”).

If either the taxpayer or spouse does not carry health insurance for religious reasons, then the person having the belief must answer question 3 as ‘None’ and question 6 is ‘No’. Then the same person must answer the religious exemption question (question 8a) as ‘Yes’. If the question about having a religious exemption is left unanswered, default to ‘NO’. If the person having the religious belief has received medical attention during the year, they must answer question 8b in the affirmative. If not, then they must answer the question in the negative. If the question about having received medical attention is left unanswered, default to ‘NO’.

Question 9 (Certificate of Exemption); if answered in the affirmative, then the Certificate Number must be entered. The Taxpayer and Spouse Certificate Numbers are NOT the same number; they are issued separately on an annual basis. Certificates expire at the end of the year in which they were issued and must be reapplied for. If question 9 is left unanswered, default to ‘NO’.

The calculations used to determine affordability have not changed for 2012. However, the dollar amounts in the various tables have increased. See Appendix B. If any of the affordability questions are unanswered, default to Yes.

If either the taxpayer or spouse falls into the penalty situation for not having health insurance, they may choose to appeal the penalty; but they do so separately. That is, both taxpayer and spouse may have the rite to appeal, but one may opt not to appeal, while the other may opt to appeal.

See "TIR 07-18: Individual Mandate Penalties for Tax Year 2008" for information on calculating the tax for noncompliance with the healthcare initiative.

Schedule INC

As many Schedule INC per return filing as needed. Schedule INC contains select W-2 and 1099 taxpayer and spouse data. There is no requirement that the paper versions of these forms be attached to the taxpayer's return. It replaces up to 20 forms W-2, W-2G, 1099R, 1099MISC or 1099G. The taxpayer should retain these forms for 3 years.

All Massachusetts W-2 and 1099 earnings and any associated withholdings must be reported on Schedule INC. This schedule MUST be included with the return. Failure to submit Schedule INC WILL delay any applicable refund, as the return will be considered incomplete. Multiple Schedule INC may be submitted as needed. Totals at the bottom of the schedule represent the totals for that page only.

Use this matrix to determine where to get the data for the Schedule INC. The FID that's required on the Schedule INC is located in Box b on the Taxpayer's W2 form, but it is found elsewhere on the 1099-R form. State Income on the Schedule INC is found in box 1 of the W2G form, and box 1 of the Federal version of the 1099-G form. Taxpayer & Spouse Social Security amounts are only found on the W2 forms; no other forms have that data.

Form	Sch. INC Col. f entry	Fed ID No.	State Income	State Withheld	Taxpayer Social Sec	Spouse Social Sec
W2	W2	Box b	Box 16 & Box 8 as needed	Box 17	Box 4 & Box 6 as needed	Box 4 & Box 6 as needed
W2G	W2G	Top Left Corner	Box 1	Box 14	N/A	N/A
1099-R	1099R	Top Left Corner	Box 12	Box 10	N/A	N/A
1099-Misc	1099MISC	Top Left Corner	Box 18	Box 16	N/A	N/A
Fed 1099G	US1099G	Middle Left Side	N/A	Box 11	N/A	N/A
LOA	LOA	Pg 1 Line 1	Page 2 Line 2	Page 2 Line 5	N/A	N/A

Be sure to include the Federal ID number of the paying party as well as the form the data is being taken from. The column "Source of Withholding" is where the form type should be entered. The only valid forms are above.

Schedule NTSL-NR

Only one Schedule NTSL-NR per return filing is allowed.
If Form 1NRPY line 3 is greater than Form 1NRPY line 12 then NTSL-NR line 7 must have an amount on it.

Schedule X/Y

Only one Schedule X/Y per return filing is allowed.
Schedule Y does not allow for negative values in the money fields.

Schedule Z/RF

Only one Schedule Z/RF per return filing is allowed.

Credit	**Line No.**	**Mandatory Cert. or Schedule ***	**Schedule Name**	
Lead Paint	Z 1	Yes – Schedule	Sch. LP	
Economic Opportunity/EDIP	Z 2	Yes Both as Reqd	Sch EOAC	
Septic	Z 3	Yes – Schedule	Sch. SC	
Brownfields	Z 4	Yes – Certificate		
Low Income Housing	Z 5	Yes – Certificate		
Historic Rehabilitation	Z 6	Yes – Certificate		
Film Incentive	Z 7	Yes – Certificate		
Medical Devices	Z 8	Yes – Certificate		
Another Jurisdiction	Z 10	No		
Solar and Wind Energy	Z 11	Yes – Schedule	Sch. EC	
Refundable Film	RF 1	Yes – Schedule	Sch. RFC	Cert is on RFC
Dairy	RF 2	Yes – Certificate		
Conservation Tax Cr	RF 3	Yes – Certificate		

* Missing or invalid schedules or certificate numbers will cause the credit to be disallowed.

Certificate Type	Size	Format	Notes
EDIP	10	nnnnEnnnnn	
Brownfields	10	nnnnBnnnnn	“n” is a number “a” is a letter Capital letters are static values * Missing Cert # nullifies Credit dollars
Low-Income Housing	9	MAnnnnnnn	
Historic Rehabilitation	7	HRCnnna	
Film Incentive	10	nnnnFnnnnn	
Medical Devices	10	nnnnMnnnnn	
Dairy	5	annnn	
Conservation	10	nnnnCnnnnn	

* When validating the certificate number, please keep the error responses general. Something like “You have entered an invalid certificate number…” or “The certificate number you entered is not a Brownfields certificate number…”

Line 2	EOAC Credit	The credit amount must not be more than 50% of Form 1 line 27 or Form NRPY line 31.
	EDIP Credit	Requires Certificate. Dollar amount is a sum of both EOAC and EDIP Credit
Line 3	Septic Credit:	The credit can not be greater than $1,500 per year.
Line 4	Brownfields Credit:	The credit amount must not be more than 50% of Form 1 line 27 or Form NRPY line 31.

Line 5 Low-Income Housing Credit:	Schedule C or Schedule E must be included, otherwise the credit will be disallowed. If the Rental Deduction is take on Form 1 or Form 1 NRPY, the credit will be disallowed.
Line 10 Tax paid to another state:	If there are more than three states, include additional data as part of an attachment.
Line 11 Solar and Wind Energy Credit:	If the Rental Deduction is take on Form 1 or Form 1 NRPY, the credit ill be disallowed. The credit can not be greater than $1,000 per year.

See Technical Information Release (TIR) 08-23: Life Sciences Tax Incentive Program under St. 2008, c. 130 on the Massachusetts DOR web site for pertinent information on the Life Science Credits.
See Technical Information Release (TIR) 06-16 on the Massachusetts DOR web site for more information.

Schedule DI

File as many as needed to complete the return.
Be sure to allow Feb 29th as a valid birth date for those leap year babies.

Schedule TDS

Schedule TDS was created for the specific purpose outlined in Massachusetts DOR (MDOR) Technical Information Release (TIR) 06-05. …*taxpayer does not disclose any inconsistent filing position they will be subject to a penalty.* TDS is NOT to be used for explanation statements. It is used ONLY for an explanation of inconsistent filing positions.
This schedule is NOT 2D enabled.

Schedule RFC

Schedule RFC is 2D enabled.
This schedule must be included in the return or the Refundable Film Credit on Schedule RF line 1 will be disallowed.
Multiple schedules may be submitted as required.
The Line 1 certificate number must be included or the Refundable Film Credit on Schedule RF line 1 will be disallowed. Valid Certificate numbers have an “F” in the 5th byte. When validating the certificate number, please keep the error responses general. Something like “You have entered an invalid certificate number…” or “The certificate number you entered is not an RFC certificate number…”

Schedule LP

This schedule is 2D enabled.
This schedule must be included in the return or the Lead Paint Credit on Schedule Z line 1 will be disallowed.
Multiple schedules may be submitted as required.
The license number of the contractor who performed the de-leading must be included.
A link to the Massachusetts Health and Human Services website is included on the “Other Resources” page.
There is a limit of $1,500 credit per de-leaded dwelling per year.
The Lead Paint Credit is only to be used for property located within the Commonwealth of MA.
All addresses must be listed on Schedule LP where appropriate.
All addresses must be the address of the de-leaded property;

PO Boxes are not acceptable.
If more than 4 addresses are required for either part 1 or part 2, use another Schedule LP.
Total each subsequent Schedule LP to lines 2 or 4 as needed.
Line 5 in Part 3, must be the sum of lines 2 and 4 from all submitted Schedule LPs.
If multiple Schedule LP page 1 is submitted, only one Schedule LP page 2 needs to be completed.
The dates should only be for the current (2011) calendar year.
No numeric data may be negative.
Calculations resulting in a value less than zero must be represented as zero.
Part 4 Unused Lead Paint Carryover, Column “a” data comes from prior year Schedule LP line 10 column “c”.
The taxpayer chooses which unused, prior year credit to use first.

Schedule EC

This schedule is 2D enabled
Multiple schedules may be submitted as required.
The total of all schedules must not add up to more than $1,000.
This schedule must be included in the return or the Solar and Wind Credit on Schedule Z line 11 will be disallowed.
The Energy Credit is only to be used for property located within the Commonwealth of MA.
The address of the Massachusetts residence must be included on the schedule.
PO Boxes are not an acceptable address.
No numeric data may be negative.
Calculations resulting in a value less than zero must be represented as zero.
Line 5a, 6 and line 10 must not be greater than $1,000.
Part 4 Unused Massachusetts Energy Credit Carryover, Column “a” data comes from prior year Schedule EC line 13 column “c”.
The taxpayer chooses which unused, prior year credit to use first.

Schedule SC

This schedule is 2D enabled
This schedule must be included in the return or the Septic Credit on Schedule Z line 3 will be disallowed.
Multiple schedules may be submitted as required.
The total of all schedules must not add up to more than $1,500.
The Septic Credit is only to be used for property located within the Commonwealth of MA.
The address of the Massachusetts residence must be included on the schedule.
PO Boxes are not acceptable.
No numeric data may be negative.
Calculations resulting in a value less than zero must be represented as zero.
Line 1b is a city or town located within the Commonwealth of Massachusetts
Line 2, if the percentage is less than 100%, additional information should be submitted as an attachment.
Line 4 if more spaces is required to describe expenditures, submit an attachment.
Line 6 must not be greater than $15,000
Line 8 must not be greater than $1,500
Lines 10 & 35 must have the same amounts.

Percentages must be represented in decimal format. That is, 100% should be represented as 1.000000; 3% should be represented as 0.030000. (the decimal point is omitted in the 2D barcode)
Part 2 is only completed if line 1a has a current year date.
The percentage to be used in the calculation on line 35 will be published near the end of December on the Massachusetts Department of Revenue web site.
Unused credit may be carried forward up to 5 years.
The total SC credit per property may not exceed $6,000.
Part 4 Unused Septic Credit Carryover, Column “a” data comes from prior year Schedule SC line 16 column “c”.
The taxpayer chooses which unused, prior year credit to use first.

Schedule EOAC

This schedule is 2D enabled
This schedule must be included in the return or the Economic Opportunity Area Credit on Schedule Z line 2 will be disallowed.
A copy of the EACC certification must be submitted with Schedule EOAC or the Economic Opportunity Area Credit on Schedule Z line 2 will be disallowed.
Line 5 if more room is needed, file an attachment.
Line 6 is the total of all of Line 5’s Cost column
Line 8 must not be less than zero. Negative values should be represented as zero.
Line 12 must not be less than zero. Negative values should be represented as zero.

Other

With the exception of Form M-2210 & Form M-4868, those forms and schedules NOT in Table 1 will not have a 2-D barcode and must be retained by the taxpayer for 3 years.
Form M-2210 & Form M-4868 still must be sent with the return as needed.

Changes to 2012 Massachusetts Income Forms and Schedules
General

Form 1
The income tax rate has changed from 5.3% to 5.25%. (The optional tax rate remains at 5.85%)
An additional Voluntary Contribution has been added for the Animals.
The 2D barcode only contains data from pages 1 through 3 of the Form 1.
The EIC Federal (US amount) Maximum Credit is:

$5,891 with three or more qualifying children
$5,236 with two qualifying children
$3,169 with one qualifying child
$475 with no qualifying children

Form 1-NRPY
The income tax rate has changed from 5.3% to 5.25%. (The optional tax rate remains at 5.85%)
An additional Voluntary Contribution has been added for the Animals.
The 2D barcode only contains data from pages 1 through 4 of the Form 1-NRPY.
The EIC Federal (US amount) Maximum Credit is:

$5,891 with three or more qualifying children
$5,236 with two qualifying children
$3,169 with one qualifying child
$475 with no qualifying children

Schedule Z
The 2D barcode includes ALL data for Schedule Z/RF
Line 2 combines the dollars for both EOAC and EDIP credits. A radio button must be checked to determine what the dollar amount represents. It could be one or the other or both. An EDIP requires a certificate number and EOAC requires an attached schedule. Missing requirements nullifies the dollar amount.

Schedule RF

Schedule DI
No Changes

Schedule HC
Limits have been updated. See appropriate appendix.

Schedule C
fields were added to the 2D barcode
The 2D barcode was split into 1 per page of the schedule

Schedule CB
10 fields were added to the 2D barcode
Max Value on the home cannot be more than $705,000

Max Qualified Income (line 9)	Single	$53,000
	HOH	$67,000
	Joint	$80,000

Max credit is $1,000

Schedule E

Schedule NTSL-NR
1 field was added to the 2D barcode

Schedule RNR
Not 2D enabled

Schedule INC

Schedule X
No Changes

Schedule Y
An additional deduction for organ donations is new for this year. This deduction is only available to taxpayers who are FULL year residents of the Commonwealth of Massachusetts.

Schedule B
11 fields were added to the 2D barcode
The 2D barcode was split into 1 per page of the schedule

Schedule D
4 fields were added to the 2D barcode
1 field (late in the season addition last year) was moved to its proper sequence in the barcode.

Schedule LP
No Changes

Schedule EC
No Changes

Schedule SC
No Changes

Schedule RFC
No Changes

Schedule EOAC
No Changes

Vendor requirements for passing certification testing

DOR does acknowledge that not every vendor can maintain the same level of sophistication in terms of what types of tax scenarios its software can handle. DOR takes a fiduciary responsibility to the taxpayers in certifying a vendor as acceptable. DOR does expect vendors to provide the highest possible quality in the areas of appearance, functionality and accuracy in delivering their product to the market place.

See Massachusetts Department of Revenue Publication 'Handbook for Reproduction of Non-Scannable Department of Revenue Forms' Section 1.3 for guidance regarding who needs to pass certification testing. To paraphrase: Any company that develops and/or uses substitute Massachusetts Department of Revenue forms MUST get approval from the Department. If the company develops substitute tax forms using its own tax software; develops tax software programs to be used with substitute tax forms developed by another company; or, develops substitute tax forms for other companies to use with their tax software, the company MUST get approval from the Department.

The company must have forms reviewed annually prior to release of the substitute forms. The Department has noticed that some customers were submitting returns created by pre-approved, but outdated software. DOR mails those returns back to taxpayers with an explanatory letter.

If a company chooses to release software to their customers (tax payer or tax practitioner) prior to being approved by the DOR, the company must adhere to the following criterion:

> A watermark with the text of "**DRAFT FORM: DO NOT FILE**" must be printed across all pages of the form(s).
>
> The watermark must be printed in black only.
>
> The watermark must be at least tall enough to encompass two printed lines.
>
> The watermark must be located such that the taxpayer name and address are obliterated. For forms where there is no name and address area, the vendor may place the watermark anyplace common sense would dictate.
>
> The consumer must not have a way to shut off the watermark feature.
>
> The software must prohibit returns created with unapproved software from being filed electronically.
>
> Once approved, a software patch should remove any watermarks and filing prohibitions.

Vendors who pass certification must provide a copy of their DOR Approval letter to tax practitioners or other tax software and substitute tax form vendors.[10]

Vendors are encouraged to submit test samples early to avoid approval delays. DOR will make every effort to review and approve forms within 10 days of receipt. See contact list for where to submit test forms.

Forms will be tested for format and readability in the order in which they are received by the Department. DOR only approves the appearance of the printed substitute form, the 1-D barcode

[10] See also, Section 1.4 of 'Handbook for Reproduction of Non-Scannable Department of Revenue Forms'

value and the 2-D barcode readability. DOR does not certify the logic of specific software, or the calculation formulas entered on any forms. DOR does not approve specific equipment or the process used in producing the substitute forms, but does require that the substitute forms meet the Department's standards.

Failure to comply with these requirements WILL cause returns to misread and reject as errors in processing. As a result, issuance of refund checks will be slowed to customers. DOR will capture vendor data and monitor processing results. Specifically the Department will track readability of returns with respect to field read rates, as well as tracking 2-D barcode read problems.[11]
Each page has a unique 1-D barcode that the imaging software uses to identify the page in the event that the 2-D barcode cannot be read.

Fixed (Exact) Positioning

DOR requires exact positioning for all data elements on every form and schedule for certification, as well as the 2-D barcode readability. Certification status will be posted on the DOR's web site at http://www.mass.gov/dor

All optical scanner enabled forms are required to have anchors. The anchors must be placed in accordance with the Department's exact positioning requirements for that form. Each form must contain the exact number of tax data fields, taxpayer ID fields, line items, optical mark fields and keying symbols as the state issued form. The position of all OCR-readable fields must appear in the exact location as specified in the record layout. Returns not following the exact positioning requirements will be given a lower priority than those following the requirements. DOR has an Imaging based automatic data capture system in place. Image based technology requires exact positioning for data to be captured. In the event that a 2-D barcode is unreadable, the exact positioning will allow software to capture and "read" the data.

Text

- Vendors may limit descriptions for captions and lines required by the official form or schedule to one print line on the substitute form or schedule by using abbreviations and contractions and by omitting articles and prepositions. The substitute schedule must retain sufficient key words, however, to permit ready identification of the caption, line or item. See Massachusetts Department of Revenue Publication 'Handbook for Reproduction of Non-Scannable Department of Revenue Forms' Section 3 for more information.
- Text found on the transparent films and online grids are for illustration purposes only. Vendors are encouraged to be as brief or verbose as space and reason permits.

Anchors

- Four anchors; one in each corner; must be present on all pages.
- Anchors must be in the exact same location on all pages and must be in the exact location specified in the transparent films sent to each vendor.
- Each anchor must consist of an angle bar formed by the intersection of one horizontal and one vertical line.
- Line thickness should be 3 points (3/72").
- Line length should be ¼".
- No solid, filled (black) area should be with 2cm (approximately ¾") of any anchor.

[11] Not printer introduced problems for which the vendor has no control

Data Entry Keying Marks

- Data Entry keying symbols must be produced where applicable. If you are unable to reproduce an arrow, you may substitute a bullet.

Optical Mark Fields

- A single upper case "X" must be used to indicate a response in an optical mark field.
- No underlining or enclosing of optical mark fields.
- One blank character space must immediately proceed and follow an optical mark field.
- If a field is not applicable, it must be left blank.

Negative Amounts

- Negative amounts or losses must be preceded by a minus sign ("-").
- Use of parentheses or "X" boxes[12] is not acceptable.
- Language regarding the use of "X" boxes must not be printed on the substitute forms.

Signature Area

- Taxpayer signature and paid preparer information and signature area must be formatted in the same manner as the official Department form.
- Underlining is permitted only in the area allotted for the taxpayer, spouse and paid preparer's signatures.

Privacy Act Notice

- "Privacy Act Notice available upon request" verbiage must appear on page 1 of the return.
- The verbiage should appear where indicated on the transparent films provided to the vendors.
- If need be, the verbiage may be printed elsewhere, provided that it not interfere with any OCR fields.
- The Privacy Act Notice must be made available to the software user by the software developer.
- The 'Notice' may be presented in either printed "hard-copy" or software "soft-copy" formats.
- The text of the Privacy Act Notice is as follows:
  Under the authority of 42 U.S.C. sec. 405© (2) ©(i), and M.G.L. c. 62C, sec. 5, the Department of Revenue has the right to require an individual to furnish his or her Social Security number on a state tax return. This information is mandatory. The Department of Revenue uses Social Security number for taxpayer identification to assist in processing and keeping track of returns and in determining and collecting the proper amount of tax due. Under M.G.L. c. 62C, sec. 40, the taxpayer's identifying number is required to process a refund of overpaid taxes. Although tax return information is generally confidential pursuant to M.G.L. c. 62C, sec. 21, the Department of Revenue may disclose return information to other taxing authorities and those entities specified in M.G.L. c. 62C. secs. 21, 22 or 23 and as otherwise authorized by law.

[12] As found on the official Department produced version of the forms

The Department's Acceptance Criteria

- Can we read the 2-D barcode?
- Can we read the 1-D barcode?
- Is there a 2-D barcode on every form and schedule as required?
- Is the 2D barcode data correctly located within the barcode?
- Is the 1-D barcode correct on each page?
- Are the 1-D and 2-D barcodes correctly sized and located?
- Using the transparent films available to the vendors, do anchors and fields on the test samples line up to the films, within REASONABLE tolerances?
- Transparent films will gladly be provided upon request.
- Those vendors providing Massachusetts Personal Income Tax Forms and Schedules must pass ALL (1D, 2D and exact positioning) acceptance requirements.

Submitting test data

- Submitting samples for 2D testing may be done via email using pdf files.
- There will be two tests per form required to be submitted for 2D testing.
- Exact positioning tests may be submitted via email or hard copy.
- Beginning with the first submission, and going back and forth between the department and the vendor until final approval, a cover sheet must be provided that gives a quick view of what is being submitted and the most up to date status. DOR will return the cover sheet and update as required. When the testing has been completed successfully, the cover sheet will be returned as a final confirmation to what has been accepted by the department.
- Vendors are free to format their own cover sheets as they see fit. Included must be contact information, Forms and Schedules being submitted, and which testing is to be performed.

  See appendix A for samples of a cover sheet in use.

Non-Image enabled forms with anchors and a 1-D barcode

Schedule BC – Brownfields Credit is an example; there is no 2D barcode, nor is there a "grid" layout of the schedule. The department wants to be able to name the document when we encounter it. We do that using the 1-D barcode and the anchors.

1. Code: 39 symbology
2. 12 characters
3. Ratio: 2.5:1 wide narrow
4. Height: 5/16 inch
5. Length: 2 ½ inches
6. "X" dimension (the narrowest bar and/or space) must be at least 1.5 pts (approximately 20 mils or 3/144 ")
7. Each bar in the barcode must be solid. Streaks in the barcode are unacceptable.
8. Quiet zone restrictions are relaxed.
9. Margin restrictions are relaxed for the anchors and 1D barcode
10. Print area restrictions are relaxed for the anchors and 1D barcode
11. See Anchors (above) for those characteristics. The exception is location.
12. The top left corner of the 1D barcode is on Bottom of Row 1, Left of Column 15
13. Top Left anchor's top left corner is on Top of Row 4, Left of Column 7
14. Top Right anchor's top right corner is on Top of Row 4, Right of Column 79
15. Bottom Left anchor's bottom left corner is on Bottom of Row 63, Left of Column 7
16. Bottom Right anchor's bottom right corner is on Bottom of Row 63, Right of Column 79

Mailing Instructions

Use the following addresses when mailing completed taxpayer returns:

Refund Returns	Massachusetts Department of Revenue PO Box 7001 Boston, MA 02204-7001
Payment Returns	Massachusetts Department of Revenue PO Box 7002 Boston, MA 02204-7002

NOTE:

*It is imperative that **ALL** 2D barcoded personal income tax returns be sent to the applicable P.O. Box as noted above. **ALL** 2D barcoded returns sent to these P.O. boxes are prioritized.*

A 2D barcoded personal income tax return that is sent to any other Mass DOR P.O. box will be subject to delays in processing.

Making Payments

See below, "Other Resources": Computer-Generated Payment voucher. Also, to make online payments (preferred method), including scheduling payments, taxpayers should visit The Massachusetts Department of Revenue's secure web page: www.mass.gov/dor/payonline

Vendors should include the above url, with appropriate text encouraging online payments, on the top half of the paper Payment Voucher. If appropriate, where vendor software discusses payments, please include text and the url above in order to encourage online payments.

Massachusetts DOR Contact List

Creaghan Trainor
Publishing Services - Forms Design & Non-Scannable Forms Approval
100 Cambridge St.
Boston MA 02210
trainorc@dor.state.ma.us
617-626-2812

Kara Tempesta
ISO 3rd floor – Scannable Forms Approval
200 Arlington St.
Chelsea MA 02150
Tempestak@dor.state.ma.us
617-887-5172

Donald McColgan
ISO 3rd floor – Scannable Forms Approval Backup
200 Arlington St.
Chelsea MA 02150
mccolgand@dor.state.ma.us
617-887-5624

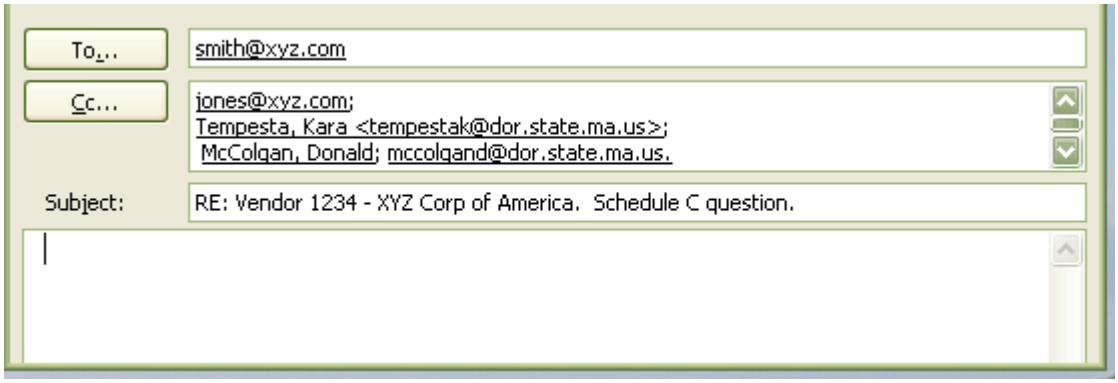
These contacts can not offer any help in dealing with specific taxpayer issues. Follow this link for phone numbers of the various DOR help lines:
http://www.mass.gov/?pageID=dorterminal&L=3&L0=Home&L1=Tax+Professionals&L2=Help+%26+Resources&sid=Ador&b=terminalcontent&f=dor_help_direct&csid=Ador

NOTE:

*It is imperative that all **SCANNABLE** personal income tax form samples be sent to the address mentioned above. All **SCANNABLE** personal income tax form samples sent to this address are prioritized.*
*Any **SCANNABLE** personal income tax form sample that is sent to any other Mass DOR mailing address will be subject to delays in form testing/approval.*

Communication

The preferred method is via e-mail. It falls upon the sender of the email to include their own backup person as a 'CC' recipient. The subject line should include (at a minimum) the vendor id number and reason for the communication such as 'Schedule HC question' or 'Testing clarification'.
Do not include any personal information such as your or a client's social security number.



Other Resources[13]:

The National Association of Computerized Tax Processors (NACTP) website - http://www.nactp.org/. The 'Computerized Industry Standards' document is particularly helpful.

Federation of Tax Administrators (FTA) website www.taxadmin.org. The 2-D Barcode Standards document is a good source for vendors who are being introduced to 2-D barcode technology.

Massachusetts Department of Revenue website http://www.dor.state.ma.us/. Refer to the site map to find draft and final versions of the latest forms and schedules, as well as other helpful information.

Information relevant to the production of payment vouchers and extensions, including scan-line specifications and sample forms, can be found in the '2012 Payment Voucher and Extensions Software Developer's Guide' and '2012 Tax Payment Voucher and Extension Forms' (see http://www.mass.gov/dor/tax-professionals/software-developers/paper-1d-and-2d-barcode/)

United States Postal Service website http://www.usps.com/. Please refer to the 'Postal Addressing Standards' document at http://pe.usps.gov/cpim/ftp/pubs/Pub28/Pub28.pdf

To obtain a Social Security Number use Form SS-5 which is available at the Social Security Administration (SSA) website www.socialsecurity.gov or by contacting the SSA at (800) 772-1213.

Taxpayers can obtain an ITIN by completing and filing Form W-7, which is available at the Internal Revenue Service website http://www.irs.gov/ or by contacting the IRS at (800) 829-1040.

For information about Massachusetts health care reform and purchasing affordable health insurance through the Commonwealth of Massachusetts, visit the Commonwealth Connector website www.mahealthconnector.org

The Massachusetts Health and Human Services website may be useful in order to verify contractor license numbers for those taxpayers de-leading their property.
http://www.mass.gov/?pageID=eohhs2terminal&L=7&L0=Home&L1=Consumer&L2=Community+Health+and+Safety&L3=Environmental+Health&L4=Environmental+Exposure+Topics&L5=Lead&L6=Deleading&sid=Eeohhs2&b=terminalcontent&f=dph_environmental_lead_c_find&csid=Eeohhs2
The first link on the above page has the Inspector License number as part of the second to last drop down menu. (http://webapps.ehs.state.ma.us/leadinspect/default.aspx)
The second link on that page is a pdf of licensed inspectors for interim control.
(http://www.mass.gov/Eeohhs2/docs/dph/environmental/lead/maleadinsp.pdf)

[13] Note: website addresses are current as of 07/27/2009

Document Revisions

Updates to this document will be posted to DOR's Web site http://www.mass.gov/dor on Friday afternoons. Please check for updates over the weekend or on Monday mornings to ensure that you have the most current document. This page is included to track changes between published revisions of this document.

Number	Date	Revision
2012-1.0	07/20/2012	Changed references to 2012 in Part 1 & 2 Removed prior yr * and deleted fields from Part 2
		Add items to 2D barcodes: NTSL line 8, D lines 9, 13, 15, 17 CB Address, City, State, lines 12, 14, 15, 16, 18a, 19, 20 B lines 4, 13, 15, 24, 26, 29, 30, 31, 33, 34, 37 C Reg. Info, Employees, Account method, Questions, lines 1, 3, 5, 23b, 23, 27, 28, 31, 32, 33, C-1 Questions, lines 2, 6, 8
		Moved Sched D line 3 to field 17 in the 2D barcode
		Sched B & C, split the 2D into 1 per page.
		Conservation Tax Credit Certificate number should have a "C" not "L" in it.
		Removed MA-1099G from table on page 22
		Updated url for PV documentation on page 35
		Added section talking about making payments on page 33
		Moved data from schedules X/Y and Z from Form-1 & NRPY 2D barcode to their spots on their proper schedule.
2012-1.1	8/8/2012	Added Animal voluntary contribution. Added Organ deduction. Dairy Cert is 5 bytes. Added some subtotal fields to Form 1 & NRPY. Form-1 2b, 2c, 2d, 13, 19, 23, 28, 31, 40 NRPY 4b, 4c, 4d, 17, 22, 27, 32, 36, 45 NRPY USE_TAX is now field number 131, it was out of numerical order with the paper form. Income tax rate was changed from 5.3% to 5.25% (optional rate remains at 5.85%)
2012-1.2	8/16/2012	Schedule Z line 2 is now a combination of EOAC and EDIP money.
2012-1.3	9/18/2012	Updated Schedule HC limits. See appendices. EIC limits updated. Schedule CB limits updated.
2012-1.4	10/30/2012	Updated payment information pg 33 & 35
2012-2.0	11/13/2012	No longer a DRAFT
		Sched CB Credit amount expanded to 4 bytes on the Sched CB as well as the Form 1 & NRPY carryover lines

Appendix A

Initial Submission
Massachusetts Department of Revenue
Mrs. Kara Tempesta
200 Arlington St
Chelsea MA 02150
(617) 887-5172
tempestak@dor.state.ma.us
or
Mr. Donald McColgan
mccolgan@dor.state.ma.us
(617) 887-5624

XYZ Corp of America
Vendor # 1234
Product: Awesome Software 4U
Contact: Mr. Stanley Smith
2 Main St
Anytown, OR 10102
(123) 222-1234
smith@xyz.com
or
Mr. James Jones
(123) 222-1233
jones@xyz.com

Forms and Schedules	Tests to be performed				Results / Action
	√ = To be tested P = Successful test				Successful Result, Error, Retest, Did Not Submit, Accepted Form
	Exact Positioning	1D	2D data	Not supported	
Form 1	√	√			
Schedule B	√	√			
Schedule C	√	√	√		
Schedule D	√	√	√		
Schedule E				√	
Schedule CB	√	√	√		
Schedule INC					D.N.S.
Schedule X/Y					D.N.S.
Schedule Z/DI					D.N.S.
Form 1NRPY					D.N.S.
Schedule NTSL/NR					D.N.S.
Notes	Development is incomplete. Schedules with a DNS status will be submitted				
	next week. - Stan				

Test Results

Massachusetts Department of Revenue

Mrs. Kara Tempesta
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tempestak@dor.state.ma.us
or
Mr. Donald McColgan
mccolgan@dor.state.ma.us
(617) 887-5624

XYZ Corp of America

Vendor # 1234
Product: Awesome Software 4U
Contact: Mr. Stanley Smith
2 Main St
Anytown, OR 10102
(123) 222-1234
smith@xyz.com
or
Mr. James Jones
(123) 222-1233
jones@xyz.com

Forms and Schedules	Tests to be performed				Results / Action
	√ = To be tested P = Successful test				Successful Result, Error, Retest, Did Not Submit, Accepted Form
	Exact Positioning	1D	2D data	Not supported	
Form 1	P	P			Success Exact / 1D
Schedule B	P	√			Success Exact / Error 1D
Schedule C	P	P	√		Success Exact & 1D Error 2D (see report)
Schedule D	P	P	P		Accepted
Schedule E				√	
Schedule CB	√	√	√		Did Not Submit
Schedule INC					D.N.S.
Schedule X/Y					D.N.S.
Schedule Z/DI					D.N.S.
Form 1NRPY					D.N.S.
Schedule NTSL/NR					D.N.S.

Notes	Schedule B – 1D barcode value had 2007 year, should be 2008
	Schedule CB did not accompany the test package as indicated - Kara

Resubmission

Massachusetts Department of Revenue
Mrs. Kara Tempesta
200 Arlington St
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or
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mccolgan@dor.state.ma.us
(617) 887-5624

XYZ Corp of America

Vendor # 1234
Product: Awesome Software 4U
Contact: Mr. Stanley Smith
2 Main St
Anytown, OR 10102
(123) 222-1234
smith@xyz.com
or
Mr. James Jones
(123) 222-1233
jones@xyz.com

Forms and Schedules	Tests to be performed				Results / Action
	√ = To be tested P = Successful test				Successful Result, Error, Retest, Did Not Submit, Accepted Form
	Exact Positioning	1D	2D data	Not supported	
Form 1	P	P	√		
Schedule B	P	√			Retest 1D
Schedule C	P	P	√		Success Exact & 1D Error 2D (see report)
Schedule D	P	P	P		Accepted
Schedule E				√	
Schedule CB	√	√	√		
Schedule INC					D.N.S.
Schedule X/Y					D.N.S.
Schedule Z/DI					D.N.S.
Form 1NRPY					D.N.S.
Schedule NTSL/NR					D.N.S.

Notes	Schedules CB is attached this time. Retest 1D value for Sched B. We are
	still looking at Sched C error report. 2D test for Form-1 is included. DNS are still on track for submission next week. - Stan

Final Results

Massachusetts Department of Revenue

Mrs. Kara Tempesta
200 Arlington St
Chelsea MA 02150
(617) 887-5172
tempestak@dor.state.ma.us
or
Mr. Donald McColgan
mccolgan@dor.state.ma.us
(617) 887-5624

XYZ Corp of America

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Forms and Schedules	Tests to be performed				Results / Action
	√ = To be tested P = Successful test				Successful Result, Error, Retest, Did Not Submit, Accepted Form
	Exact Positioning	1D	2D data	Not supported	
Form 1	P	P	P		Accepted
Schedule B	P	P	P		Accepted
Schedule C	P	P	P		Accepted
Schedule D	P	P	P		Accepted
Schedule E				√	
Schedule CB	P	P	P		Accepted
Schedule INC	P	P	P		Accepted
Schedule X/Y	P	P	P		Accepted
Schedule Z/DI	P	P	P		Accepted
Form 1NRPY	P	P	P		Accepted
Schedule NTSL/NR	P	P	P		Accepted

Notes	Have a successful filing season - Kara

Appendix B

Schedule HC Lines 10, 11 and 12. Affordability As Determined By State Guidelines

Taxpayers who did not have health insurance for all or part of 2012 may be subject to a penalty if they had access to affordable credible health insurance.

Note: This section must be completed by taxpayers who were uninsured for all of 2012 or had a non-permissible lapse in coverage, as determined in line 7 of Schedule HC. If you had three or more consecutive months without credible health insurance you must complete this section to determine the monthly health insurance premium amount that you should have been able to afford. If you had two or fewer consecutive months without health insurance, you are not subject to a penalty and should skip the remainder of Schedule HC and continue completing your tax return.

The following pages contain the worksheets and tables needed to determine if you had access to affordable credible health insurance. To complete these worksheets, you will need to have your completed 2012 U.S. Form 1040, 1040A or 1040EZ. You also will need to know how much it would have cost you to enroll in any health insurance plan offered by an employer in 2012. An employer's Human Resources Department should be able to provide this amount.

Complete the Schedule HC worksheet(s) only if you (and/or your spouse if married filing jointly) answered None to question 3, No to questions 8a and 9 of Schedule HC.

If married filing jointly and one spouse answered None to question 3, and No to questions 8a and 9, the spouse who answered None must complete the Schedule HC worksheet(s). In that instance, be sure to complete the worksheet(s) using your married filing jointly amount in line 1 of each worksheet.

Schedule HC Worksheet for Line 10: Eligibility for Employer-Sponsored Insurance

The following worksheet will determine if you could have afforded employer-sponsored credible health insurance in 2012. Complete only if you (or your spouse if married filing jointly) were eligible for insurance offered by an employer in 2012 that covered you, and your spouse and dependent children, if any. If an employer did not offer health insurance that covered you, and your spouse and dependent children, if any, or if you were not eligible for insurance offered by an employer, skip this worksheet and complete the Schedule HC Worksheet for Line 11.

If an employer offered you free health insurance coverage in 2012 (the employer's Human Resources Department should be able to provide this information to you), you are deemed able to afford health insurance and are subject to a penalty. Fill in the Yes oval(s) in line 11 and go to the Health Care Penalty Worksheet on page X in the instructions.

Note: If married filing a separate return but living in the same household, each spouse must combine their income figures from their separate U.S. returns when completing the worksheet. Also, same-sex spouses filing a Massachusetts joint return must combine their income figures from their separate U.S. returns when completing the worksheet.

1. Enter your federal adjusted gross income (from U.S. Form 1040, line 37, Form 1040A, line 21 or Form 1040EZ, line 4) _____

If line 1 is less than or equal to:

- $16,764 if single or married filing a separate return;
- $22,704 if married filing a joint return with no dependents; or
- $28,644 if head of household or married filing a joint return with one or more dependents,

You are deemed unable to afford health insurance. Fill in the No oval(s) in line 10. Skip the remainder of this worksheet and go to the Schedule HC Worksheet for Line 11 on page HC-X.

If line 1 is more than:

- $56,273 if single or married filing a separate return;
- $89,032 if married filing a joint return with no dependents; or
- $119,270 if head of household or married filing a joint return with one or more dependents,

You are deemed able to afford health insurance and are subject to a penalty. Fill in the Yes oval(s) in line 11 and go to the Penalty Worksheet on page HC-X in the instructions.

If line 1 is:

- more than $16,764 but less than or equal to $56,273 if single or married filing a separate return;
- more than $22,704 but less than or equal to $89,032 if married filing a joint return with no dependents; or
- more than $28,644 but less than or equal to $119,270 if head of household or married filing a joint return with one or more dependents,

You are deemed able to afford health insurance and are subject to a prorated penalty.

2. Enter the monthly premium that corresponds with your income range (from line 1 of worksheet) and filing status from Table 1: Affordability on page HC-X. To find this amount, look at the row for

your income range in col. a of the appropriate table based on your filing status and go to col. b to find the monthly premium amount _____

3. Enter the lowest monthly premium cost of health insurance that would cover you, and your spouse and dependent children, if any, offered to you during your uninsured period in 2012 through an employer. The employer's Human Resources Department should be able to provide this amount to you _____

Note: If you declined employer-sponsored health insurance, the monthly premium amount may be found on the Health Insurance Responsibility Disclosure Form (HIRD) you should have received from your employer.

If line 3 is less than or equal to line 2, you are deemed able to afford employer-sponsored health insurance during your uninsured period(s), which you did not obtain, and are subject to a penalty. Fill in the Yes oval(s) in line 11 and go to the Health Care Penalty Worksheet on page HC-X in the instructions.

If line 3 is greater than line 2, an employer did not offer you affordable health insurance. Fill in the No oval(s) in line 11 and complete the following Schedule HC Worksheet for Line 12.

Schedule HC Worksheet for Line 11: Eligibility for Government-Subsidized Health Insurance

The following worksheet will determine if you were eligible for government-subsidized health insurance in 2012. Complete the following worksheet only if an employer did not offer health insurance or did not offer health insurance that you could afford, as determined in the Schedule HC Worksheet for Line 11.

Note: If married filing a separate return but living in the same household, each spouse must combine their income figures from their separate U.S. returns when completing the worksheet. Also, same-sex spouses filing a Massachusetts joint return must combine their income figures from their separate U.S. returns when completing the worksheet.

1. Enter your income before adjustments (from U.S. Form 1040, line 22, Form 1040A, line 15 or Form 1040EZ, line 4) _____

2. Enter the amount from the Income column, based on your family size (do not include dependent children age 19 or older in your family size), from the table ____
(See Table: Federal Poverty Level – Annual Income Standards below)

If line 1 is greater than line 2, or during the period when you were uninsured,

- you were not a citizen or an alien legally residing in the U.S., **or**
- an employer offered to pay more than 20% of a family plan or 33% of an individual plan (the employer's Human Resources Department should be able to provide this information to you), **or**
- you applied for MassHealth or Commonwealth Care and were denied,

You were ineligible for government-subsidized health insurance in 2012. Fill in the No oval(s) in line 12 and go to Schedule HC Worksheet for Line 13 to determine if you were eligible for private health insurance.

If line 1 is less than or equal to line 2, and

- you are a citizen or an alien legally residing in the U.S. **and**
- during the period when you were uninsured, an employer did not offer to pay more than 20% of a family plan or 33% of an individual plan (the employer's Human Resources Department should be able to provide this information to you),

You would have been deemed eligible for government-subsidized health insurance in 2012, which you did not obtain, and are subject to a penalty. Fill in the Yes oval(s) in line 12 and go to the Health Care Penalty Worksheet on page HC-X in the instructions.

Schedule HC Worksheet for Line 13: Ability to Afford Private Health Insurance

The following worksheet will determine if you could have afforded private health insurance in 2012. Complete the following worksheet only if you (or your spouse if married filing jointly) were deemed ineligible for government-subsidized health insurance, as determined in the Schedule HC Worksheet for line 12.

Note: If married filing a separate return but living in the same household, each spouse must combine their income figures from their separate U.S. returns when completing the worksheet. Also, same-sex spouses filing a Massachusetts joint return must combine their income figures from their separate U.S. returns when completing the worksheet.

1. Enter your federal adjusted gross income (from U.S. Form 1040, line 37, Form 1040A, line 21 or Form 1040EZ, line 4) _____

2. Enter the monthly premium that corresponds with your county of residency (see the Schedule HC instructions if you do not know what county you live in), age (if married filing a joint return, use the age of the older spouse) and filing status from Table 2: Premiums.

Look at the table that corresponds to your county of residency and go to the row for your age range and then go to the column based on your filing status to find the monthly premium amount _____

3. Enter the monthly premium that corresponds with your income range (from line 1 of worksheet) and filing status from Table 1: Affordability. To find this amount, look at the row for your income range in col. a of the appropriate table based on your filing status and go to col. b to find the monthly premium amount _____

If line 2 is less than or equal to line 3, you are deemed able to afford private health insurance, which you did not obtain, and are subject to a penalty. Fill in the Yes oval(s) in line 13 and go to the Health Care Penalty Worksheet in the instructions.

If line 2 is greater than line 3, you are deemed unable to afford health insurance and not subject to a penalty. Fill in the No oval(s) in line 13. Skip the remainder of Schedule HC and continue completing your tax return.

Appendix C

Penalty Worksheet

In order to calculate your penalty amount, you will need to determine the monthly penalty amount applicable to you based upon your income range, family size and in certain instances, your age. This monthly penalty amount is then multiplied by the number of months subject to the penalty.

Complete the following worksheet to calculate the penalty. If married filing a joint return and both you and your spouse are subject to a penalty, separate worksheets must be filled out to calculate the penalty amount for you and your spouse, using your married filing jointly income amount in line 2.

1. Enter your income before adjustments (from line 2 of Schedule HC) _____

   If line 1 is less than or equal to:

- $16,764 if single or married filing a separate return;
- $22,704 if married filing a joint return with no dependents; or
- $28,644 if head of household or married filing a joint return with one or more dependents, the penalty does not apply. Skip the remainder of this worksheet and continue completing your tax return.

2. Based on the amount entered in line 1, look at Table 1: Federal Poverty Level (FPL) -Annual Income Standards, and enter Column A, B, C or D based on the FPL range that applies to you. _____

3. If your FPL range is between 150.1-300%, go to the applicable income range in Table 2: Penalties for 2011, as entered in line 2 above, to determine the monthly penalty amount. Enter that amount here. If your FPL is above 300%, enter the penalty amount that corresponds to your age. _____

4. How many gap(s) in coverage of four or more consecutive months do you have in line 8 of Schedule HC? _____
   NOTE: Enter “0” if you were uninsured for all of 2012.

5. Enter the total number of months for the gap(s) in coverage as identified in line 4 _____
   NOTE: Enter “12” if you were uninsured for all of 2012.

6. Multiply line 4 by 3. _____

7. Subtract line 6 from line 5. This is the number of months subject to the penalty _____

8. Multiply line 3 by 7. This is the penalty amount for you.

If you are subject to a penalty because you are deemed able to afford insurance in 2012 but did not obtain it, you may appeal the application of the penalty to you. If you are not appealing the penalty, enter this amount on Form 1, line 34a or 34b.

1. **Federal Poverty Level (FPL) — annual income standards for 2012**

Family Size	B. 150% FPL	C. 200% FPL	D. 250% FPL	E. 300% FPL
1	$16,764	$22,344	$27,937	$33,516
2	$22,704	$30,264	$37,837	$45,396
3	$28,644	$38,184	$47,737	$57,276
4	$34,584	$46,104	$57,637	$69,156
5	$40,524	$54,024	$67,537	$81,036
6	$46,464	$61,944	$77,437	$92,916
7	$52,404	$69,864	$87,337	$104,796
8	$58,344	$77,784	$97,237	$116,676
Additional person	$5,940	$7,920	$9,900	$11,880

2. **Penalties for 2012**

Individual income category*		Penalty
B 150% of Federal Poverty Level	(< $16,764.1)	$0.00 / month
C 200% of Federal Poverty Level	(> $16,764 & < $22,344.1)	$19.00 / month
D 250% of Federal Poverty Level	(> $22,344 & < $27,936.1)	$38.00 / month
E 300% of Federal Poverty Level	(> $27,936 & < $33,516.1)	$58.00 / month
E+ Above 300% of FPL / Age 18–26	(> $33,516)	$83.00 / month
E+ Above 300% of FPL / Age 27+	(> $33,516)	$105.00 / month

*For purposes of determining if you are 27 years of age or older, you must have been at least 27 on January 1, 2012.

Appendix D

Background: Penalties accrue for every month that an individual lacks Minimum Creditable Coverage (MCC) health insurance. However, the penalty will not be triggered by a lapse in MCC of 63 days or less. A lapse in MCC (not to be confused with a grace period) is defined as the period that elapses before the individual regains MCC. In the case of an individual with a lapse in MCC exceeding 63 days, the penalty will be assessed for the period in excess of 63 days. Furthermore, multiple and distinct 63 day lapse periods are permitted.

When determining a penalty associated with a lapse in coverage, a 63 days lapse in MCC is equivalent to 3 consecutive months. The mandate applies for full year residents, part year residents or residents who turn 18 beginning with the 3rd full month following the month of their arrival or birthday; the grace period.

The penalty calculation begins at the time the mandate applies to the taxpayer. Insurance prior to the date the mandate applies are not considered when determining the penalty.

Definition of a month of coverage: Any month with 15 or more days of coverage shall be considered as a full month of coverage. Coverage for 14 days or less shall be considered a month with out MCC.

Part year residents: If you moved into Massachusetts during 2012, the requirement to obtain and maintain health insurance applies to you beginning on the first day of third month following the month you became a resident of Massachusetts. A resident who arrive on the first day of the month will have that month considered a partial month for penalty calculation purposes. For example, if you moved into Massachusetts on May 1, the mandate applies on August 1.

A resident through the final day of the month shall be considered a full month for residence. For example a resident who reports 12-31 as final day of residence shall be have December considered as a full month for penalty calculations.

If you moved out of Massachusetts during 2012, the requirement to obtain and maintain health insurance applies to you up until the last day of the last full month you were a resident. For example, if you moved out of Massachusetts on July 10, the mandate applies up to June 30.

Part Year Residents shall be subject to the mandate (i.e., required to obtain and maintain health insurance) beginning with the third full month of their residency. Part year residents who lack coverage for the period that the mandate applied will be subject to the penalty for the entire period the mandate applied to them.

Turning 18: If you turned 18 during 2012, then, the requirement to obtain and maintain health insurance applies to you beginning on the first day of the third month following the month of your birthday. For example, if your birthday is June 15, the requirement applies on September 1.

Deceased taxpayer: If a taxpayer dies during 2012, the requirement to obtain and maintain health insurance applies to the deceased taxpayer up until the last day of the last full month the taxpayer was alive. For example, if a taxpayer dies on August 4, the mandate applies up to July 30.

Penalty assessment use cases:

UC 1 – Full year resident has no insurance for the whole year.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen

- Penalty = Full annual penalty of 12 months.

UC 2 – Part year resident arrives in MA on January 10th and has no insurance for the full year. The requirement to have health insurance starts on April 1 for this taxpayer.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen

- Penalty = 9 months PY residents receive penalty for all full months after the mandate applies. The mandate applies beginning on the 3rd full month of residency; in this case the TP would receive a penalty for April through December, or 9 months.

UC 3 – Part year resident arrives in MA on January 1st and leaves November 1 has no insurance for the full year.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			Penalty	Penalty	Penalty	Penalty	Penalty	Penalty	Penalty		

- Penalty = 7 months. PY residents receive penalty for all full months after the mandate applies. The mandate applies beginning on April 1; in this case the TP would receive a penalty for 7 months.

UC 4 – Part year resident arrives in MA on January 10th and has insurance for January and February. The requirement to have health insurance starts on April 1 for this taxpayer.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X	X		Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen	Pen

- Penalty = 9 months. PY residents receive penalty for all full months after the mandate applies because they had no insurance at any point during the mandate period. The mandate applies beginning on April 1 for this taxpayer. In this case the TP would receive a penalty for April through December, or 9 months.

UC 5 – Part year resident arrives in MA on January 10th and has insurance for January, February and then again in November and December.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X	X					Pen	Pen	Pen	Pen	X	X

- Penalty = 4 months. The requirement to have health insurance starts on April 1. For the period that the mandate applies, April through December, the TP had insurance for part of the time that the mandate applies (the key in this example) and would receive the benefit of the 3 month gap. In this case the TP would receive a penalty for four months

UC 6 - TP is Full year resident had insurance in January and then again in May through December

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X				X	X	X	X	X	X	X	X

- Month Penalty = 0 penalty. This case is one gap of 3 months.

UC 7 – TP is Full year resident had insurance in January and then again in June through December

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X				Pen	X	X	X	X	X	X	X

- Month Penalty = 1 month penalty. A lapse in coverage for 4 months.

UC 8 - TP is a full year resident who had insurance in January, April, July and October through December.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X			X			X			X	X	X

- Month Penalty = No penalty. Taxpayer has 3 gaps of 2 months each.

UC 9 – TP is without coverage from January 1 to March 3 and October 1 to December 1.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
		X	X	X	X	X	X	X			

- Month Penalty = No Penalty, 2 separate gaps of 3 months or less.

UC 10 – Full year resident taxpayer begins coverage on June 1 and maintains coverage for the reminder of the year.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			Pen	Pen	X	X	X	X	X	X	X

- Month Penalty = 2 month penalty. One gap in coverage of 5 months, less 3 months of grace.

UC 11 – Full year resident TP had coverage from January 1 through December 1.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X	X	X	X	X	X	X	X	X	X	X	

- Month Penalty = No Penalty. One lapse in coverage of one month.

UC 12 - TP is deceased on June 5. Return indicates coverage for January through May.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X	X	X	X	X							

- Month Penalty = No Penalty. The mandate for this taxpayer applied up until the last day of the last full month the taxpayer was alive, or in this case, May 31st.

UC 13 - TP is part year resident who left MA on June 1 and had no insurance at any point during the year. Days of residents are 1 -1 through 6-1

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			Pen	Pen							

- Month Penalty = 2 month penalty. The mandate applies for April and May; TP had no insurance during the mandate period.

UC 14 - TP is part year resident who left MA on June 1 and had insurance January through May.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
X	X	X	X	X							

- Month Penalty = No Penalty

UC 15 - TP is part year resident of MA from 6-1 to 12-31 and had Insurance for June only.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
					X			Pen	Pen	Pen	Pen

- Month Penalty = 4 month penalty. The mandate applies for September through December and the taxpayer had no insurance for the whole mandate period.

UC 16 - TP Is a part year resident who lived in MA from June 1 to 12-31 had no coverage.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
								Pen	Pen	Pen	Pen

- Month Penalty = 4 month. The mandate begins September 1st for the next 4 months. The TP was without coverage for the entire mandate period.

UC17 - TP turns 18 on June 5 and has insurance for November and December.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
										X	X

- Month Penalty = 0 month. The mandate begins September 1. There was one gap of 2 months.

UC 18 - TP turns 18 on June 5 and had no insurance all year.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
								Pen	Pen	Pen	Pen

- Month Penalty = 4 month. TP was without insurance for the whole mandate period.

UC 19 - TP is a resident from January 1 to August 1 and has insurance for June and July.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
					X	X					

- Month Penalty = 0 month. This taxpayer has a 2 month gap during the period that the mandate applied. The mandate begins April 1st. Because the TP had insurance at some point when the mandate was in effect, they receive 3 months gap free.

UC 20 - TP is a resident from January 1 to March 15 (either because they moved or died) and had no insurance.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

- Month Penalty = 0 month. The mandate applies beginning in April and the taxpayer was not a resident of Massachusetts .