



Commonwealth of Massachusetts

Department of Revenue

Tax Year 2009

Publication M-1436C

**CORPORATE, FIDUCIARY, COMPOSITE & PARTNERSHIP
TEST PACKAGE**

**MASSACHUSETTS BUSINESS ACCEPTANCE TESTING
(MBATS)**

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Part 1

MBATS Procedures

WHO MUST TEST?

The Massachusetts Department of Revenue requires that all Software Developers and Transmitters (Vendors) pass the Massachusetts Business Acceptance Testing (MBATS) before they can be accepted into the electronic filing program for the Tax Year 2009 filing season.

WHY TEST?

The purpose of testing is to ensure that prior to live processing:

1. Vendors transmit in the correct format and meet the DOR electronic filing specifications
2. Returns have no validation or math errors

NAMING CONVENTION

Corporate, Fiduciary and Partnership return files should have the following naming convention, where "CORP" in the file name should always be upper case:

Syntax: CORP [fid][yr][mo][day][hr][min][sec].xml

Example: CORP12345678920030101145959.xml

Where:

[fid] is the FID number used to log into SSH.

[yr] is the 4 digit year.

[mo] is 01-12.

[day] is 01-31.

[hr] is 01-24.

[min] is 01-60.

[sec] is 01-60.

TEST INDICATORS

Test returns should be identified with a "T" in the ProcessType element, and test files should be identified with an extension of .test.

ACK. FILES

To retrieve Corporate, Fiduciary and Partnership Return Acknowledgement files, use the instructions in the Transfer from DOR section in the TY2009 Bulk E-Filer Registration and Transmission Guide. The name of the acknowledgement file is the same name as the file you sent with the suffix ".ack". Outbound files will be unzipped. So for example, if you sent the file in as named above, the acknowledgement file would be named:

CORP12121212120030101145959.xml.ack

GROUPING OF RETURNS WITHIN A FILE

Within each file please group as follows:

- Group all returns by return type (355s together, 355Cs together, etc)
- Group all Refund returns together within return type
- Group all Refund returns with Overpayment carried forward together within return type
- Group all Tax Due returns with Payments attached together within return type
- Group all Tax Due returns without Payments together within return type
- Group all Zero Tax Due returns together within return type

If the transmission is not ordered this way, it will still be accepted. This will not result in an error, but your file will get processed faster if it is ordered accordingly.

TEST RETURNS

MBATS will emulate the IRS procedure of providing scenarios for vendors to create their own test returns; there will be no test package. The scenarios cover the Form 355, Form 355U, Form 355S, Form 355SC, 355-7004, Form MA NRCR, Form M-4868, Form 2, Form 2-G, Form 3, M-8736 and all supporting Forms and Schedules. In addition, all vendors are allowed and encouraged, but not required, to create additional test returns as they see necessary. Please create each test return so that it contains all the memo fields that you support for the forms/schedules in each scenario. Vendors are required to advise DOR of all limitations of their software package.

The criteria for the test scenarios provide some of the information needed to prepare the appropriate forms and schedules; however, computations and data for all lines have not been provided. Therefore, some knowledge of tax law and tax preparation is necessary. You must correctly prepare and compute these returns before transmitting to DOR.

The taxpayer name on each test return should use the following convention:

Corporation Name = Vendor name +Test number (alpha)

As an example, the Corporation name for test 1 for Acme software would be Acme One.

TEST EINS

All test returns created from the scenarios provided must use the assigned test EIN's. Any additional test returns submitted must use the EIN's below assigned for this purpose.

Test Scenario EIN's:

405555555
400001111
400222225
402222226
402222227
400445555
405757575
409999999
126549876
408888888
407777777
404240010
403333333

DO NOT use any other EIN's when testing.

TESTING PROCEDURE

CORPORATE, COMPOSITE, FIDUCIARY AND PARTNERSHIP:

Vendors are required to send a test file containing the Department's test returns following the test scenario for each tax type. The software developers own test files should contain at least one instance of every form and schedule the software developer supports.

TESTING ACCEPTANCE CRITERIA

Each test file must contain only one tax type; however, within a tax type there can be more than one type of return, for example: a corporate file can contain 355, 355C, 355S, etc.

All the returns in the test files must be error free.

If any test return is rejected during testing, the vendors must:

1. Review the acknowledgement file to identify the error(s)
2. Correct the return and/or the software
3. Contact the e-file coordinator if the cause of the reject cannot be determined
4. Retransmit the test file until it has been accepted

Once all of the vendors test files have been accepted, the vendor should inform the e-file coordinator that they are done testing. After confirmation that the vendor has met all of the acceptance criteria, an email of MBATS acceptance will be issued.

Approvals will be issued in the following categories:

Composite
Fiduciary
Partnership
Corporate
Combined



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Part 2

Test Scenarios

TEST RETURN 1

FORM: FORM 355

TYPE OF CORPORATION: CLASSIFIED Mfg.

EIN: 405-55-5555

SCHEDULES: A, B, C, E, E-1, CD, CR, A-1, A-2, A-3, AA-1, ABI, ABIE, A-HRC, A-LIHC, BC, CIR, E-2, EE-LIHC, EOAC, F, F-2, H, H-2, HM, IC-HRC, M-1, NIR, RC, TDS, T-HRC, T-LIHC

FORMS: M-2220

RETURN DETAILS: Please maximize the amount for the Refundable Film Credit.

FORM/SCHEDULE DETAILS:

SCHEDULE A, LINE 18 >10,000,000

SCHEDULE F MUTIPLE STATES

ADDITIONAL NOTES:

TEST RETURN 2

FORM: FORM 355
EIN: 400-00-1111
SCHEDULES: A, B, E, E-1, CD, CR, E-2, FEC, M-1, RFC, RNW, VP

FORMS:

RETURN DETAILS: Short year return; Begin date 01/20/08, and End Date 12/10/08.

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 3

FORM:	355U	
TYPE OF CORPORATIONS:	1 Business Corporation (Principal Reporting Corporation) 2 Manufacturing Corporations (one non-taxable) 1 R&D Corporation 1 Financial Institution 1 S Corporation taxable under s. 32D, filing a short-period federal return beginning 07/01/2009 and ending on the same date as the other members. 1 Business Corporation qualifying as a s. 38 Manufacturer for apportionment filing a short-period federal return beginning 07/01/2009 and ending on the same date as the other members.	
EIN:	402-22-2226	
SCHEDULES:	TDS, CIR, NIR (2), CG, U-CI , U-M (8), U-NI, U-E, U-DRD (2), ABI (2), ABIE (2), U-ST (6), U-MSI (6), U-MTI(2), U-NOL (3), U-NOLS, U-IC (5), EOAC, H, VP, BC, RC, HM, FEC, A-LIHC, EE-LIHC, T-LIHC, IC-HRC, A-HRC, T-HRC, H-2, U-CS (2), M-2220	
RETURN DETAILS:	The return has seven members that are engaged in a single unitary business. One member is not taxable on its income in Massachusetts. The non-taxable Member has positive net income from a separate business activity that is not taxable in Massachusetts. No member is subject to fiscalization. The combined group has a single common business. The entire group must have positive net income. Claim a small Brownfields Credit with a certificate number but no schedule. Make one member of the group share \$200 of RC. Reverse a capital loss carry forward. Exclude positive net income from a separate business activity that is allocable at 100% to Massachusetts. Take a NOL deduction from this separate income. Exclude a small net loss from a separate business activity at 50% to Massachusetts. One member will apply some of its credits to reduce its non-income measure of excise to \$456. The S Corporation taxable under s. 32D previously filed a combined return for the period 01/01/09 – 06/30/09 with the Business Corporation qualifying as a s. 38 Manufacturer and the S Corporation has a post apportionment NOL from that period that must be shared with the s. 38 Manufacturer. Have one member complete the ABI, ABIE, and U-DRD from the U-E and have a different member complete the ABI, ABIE, and U-DRD from the U-MTI.	
FORM/SCHEDULE DETAILS:	Schedule U-M	1 for each member and 1 for eliminations
	Schedule U-E	There should be an entry on every line in Part 1 except lines 24, 26 & 27 and there should be entries on every lines in Parts 2, 3, & 4.
	Schedule U-IC	Lines 28, 29, 30 >0 (Manufacturing Corporation)
	Schedule CG	The Principal Reporting Corporation has a credit for pass through entity withholding

ADDITIONAL NOTES:

TEST RETURN 4

FORM: 355U

TYPE OF CORPORATIONS: 2 Utility Corporations
1 Business Corporation

EIN: 402-22-2226

SCHEDULES: CIR, CG, U-CI, U-M (3), U-NI, U-E, U-DRD (2), ABI, ABIE, U-ST (2), U-MSI (6), U-IC (1), RFC

RETURN DETAILS: The return is a non-financial group, comprised of three members making an affiliated group election. One Utility Corporation is the Principal Reporting Corporation; the other Utility Corporation is not taxable in Massachusetts. The Principal Reporting Corporation net tax must be zero. Adjustments in U-M column (c) include the add back Intercompany dividends eliminated in the federal consolidation, reversing a deduction of net capital loss taken on the federal return and reversing the reclassification of a s. 1231 gain to a capital gain. The Principal Reporting Corporation files the Schedule RFC and is claiming a refundable Film Credit. The Business Corporation also files: the Schedule RFC and claims it against excise using a certificate number, will have no excise for the combined return, but will have a non-income measure, all credits used must be applied to the non-income measure tax. With the schedule U-E are two schedules U-DRD, one claiming the 100% deduction for dividends received by the Principal Reporting Corporation from another utility corporation and one claiming the 95% deduction for dividends received by the Business Corporation. With schedule U-E there should also be schedules ABI and ABIE supporting deductions from group income for related member interest and for related member intangible expense the entire group must have negative net income. The Business Corporation also files Schedule RFC and uses part of the film credit against excise first. The Business Corporation will have no excise for the combined return but will have a non-income measure of excise and any credits used must be applied to the non-income measure tax.

FORM/SCHEDULE DETAILS: Schedule 355-U Line 35 >0 (Manufacturing Corporation)
Schedule U-E Lines 1-33 >0

ADDITIONAL NOTES:

TEST RETURN 5

FORM: 355U

TYPE OF CORPORATIONS: 3 Business Corporations

EIN: 402-22-2226

SCHEDULES: CG, U-CI, U-M (3), U-NI, U-E (2), U-ST (3), U-MSI (5), U-IC (2), VP (2), FEC

RETURN DETAILS: The return is a non-financial group, comprised of three members making a worldwide election. One Business Corporation is the Principal Reporting Corporation (not the Mutual Fund Sales Corporation) and is both the common parent and organized under the laws of a foreign country. The Principal Reporting Corporation will indicate that its schedule M is being completed on a pro-forma basis, that it has separate income from non-unitary activities (a capital gain) that is not taxable in Massachusetts and must be excluded on schedule U-M and must file schedule VP. The combined group is engaged in two distinct unitary businesses. The Principal Reporting Corporation is engaged in business #1 along with both of the other two Business Corporations. The Principal Reporting Corporation is separately engaged in business #2 with only the Business Corporation that is a Mutual Sales Corporation. Business #1 should have substantial positive net income excluding capital gains and losses, a large combined capital loss and a combined section 1231 gain that is smaller than the capital loss. Business #2 should have a small net loss excluding capital gains and losses, a combined capital gain and a combined section 1231 gain. The apportionment denominators on the two schedules U-E must be different. The Business Corporation that is the Mutual Sales Fund Corporation must file the Schedule VP and Schedule FEC for small amounts and the tax must be >0. The Business Corporation that is not a Mutual Fund Sales Corporation and is not the Principal Reporting Corporation has a tax year beginning 04/01/2009 that ends on January 31, 2010 (all other group members are calendar year filers) and is subject to fiscalization. As of the 12/31/2009 group year end, this member completes schedule U-M reporting "0" in column (a) and its income for 04/01/2009 through 12/31/2009 in column (b). This member has a net capital gain during this period that is allocable to Massachusetts (100%) and must be excluded from group income in column (e) of schedule U-M and will have both a net capital gain and a net tax greater than zero.

FORM/SCHEDULE DETAILS: Schedule U-IC Line 26 >0 (Principal Reporting Corporation)

ADDITIONAL NOTES: One of the Business Corporations, not the Principal Reporting Corporation, is a Mutual Fund Sales Corporation.

TEST RETURN 6

FORM: 355S

EIN: 400-44-5555

SCHEDULES: A, B, C, E, E-1, CD, CR, A-1, A-2, A-3, AA-1, ABI, ABIE, BC, E-2, EOAC, F, F-2, H-2, HM, M-1, NIR, RC, RFC, S, SK-1, TDS

FORMS: M-2220

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

SCHEDULE A, LINE 18 >10,000,000

SCHEDULE S, LINE 17 >=6,000,000

SCHEDULE F MUTIPLE STATES

ADDITIONAL NOTES:

TEST RETURN 7

FORM: 355S

TYPE OF CORPORATION: CLASSIFIED Mfg.

EIN: 405-75-7575

SCHEDULES: A, B, D, E, E-1, CD, CR, A-1, A-2, A-3, AA-1, ABI, ABIE, FEC, H, M-1, S, SK-1, VP

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

SCHEDULE S: INCOME FROM RESIDENTS AND NON-RESIDENTS

ADDITIONAL NOTES:

TEST RETURN 8

FORM: 355SC
EIN: 409-99-9999
SCHEDULES: A, BC, TDS, VP

FORMS: M-2220

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 9

FORM: 355-7004

EIN: 126-54-9876

ADDITIONAL NOTES: Please make a payment with the extension.

TEST RETURN 10

FORM: FORM 2

EIN: 408-88-8888

SCHEDULES: A-LIHC, C-LIHC, EE-LIHC, T-LIHC, B, BC, BR, D, E, F, EOAC, FEC, H, H-2, IDD, 2K-1, A-HRC, IC-HRC, T-HRC, TDS, RFC

FORMS: M-2210F

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 11

FORM: FORM 2-G

EIN: 407-77-7777

SCHEDULES: A-LIHC, C-LIHC, EE-LIHC, T-LIHC, B, BC, BR, D, E, F, EOAC, FEC, H, H-2, IDD, 2K-1, A-HRC, IC-HRC, T-HRC, TDS, RFC

FORMS: M-2210F

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 12

FORM: FORM 3

EIN: 404-24-0010

SCHEDULES: A-LIHC, C-LIHC, EE-LIHC, T-LIHC, BC, EOAC, FEC, H-2, A-HRC, IC-HRC, T-HRC, TDS, RFC, 3K-1

FORMS:

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 13

FORM: M-8736

EIN: 408-88-8888

ADDITIONAL NOTES: Please make a payment with the extension.

TEST RETURN 14

FORM: FORM MA NRCR

EIN: 403-33-3333

SCHEDULES: B, D, 3K-1

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 15

FORM: FORM M-4868

EIN: 404-24-0010

ADDITIONAL NOTES: Please make a payment with the extension.

APPENDIX 2 COMBINED

Test		U-M	U-CI	U-E	U-NI	U-MSI	U-DRD	U-ST	U-MTI	U-NOL	U-NOLS	U-IC	U-CS	ABI	ABIE	A-HRC	A-LIHC	BC	CG	CIR	EE-LIHC	EOAC	FEC	H	H-2	HM	IC-HRC	NIR	RC	RFC	TDS	T-HRC	T-LIHC	VP	M-2220
3	355U	8	1	1	1	6	2	6	2	3	1	5	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	2	1		1	1	1	1	1
4	355U	3	1	1	1	6	2	2				1		1	1				1	1									1						
5	355U	3	1	2	1	5		3				2							1				1											2	

APPENDIX 3 FIDUCIARIES/PARTNERSHIPS

Test		A-LIHC	C-LIHC	EE-LIHC	T-LIHC	B	BC	BR	D	E	F	EOAC	FEC	H	H-2	IDD	2K-1	A-HRC	IC-HRC	T-HRC	M-2210F	TDS	RFC	3K-1
10	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0
11	2-G	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0
12	3	1	1	1	1	0	1	0	0	0	0	1	1	0	1	0	0	1	1	1	0	1	0	1