

Note: This TIR was revised for contact information only on Sept. 6, 2005.

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (ie., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to inform taxpayers and tax preparers of the new "2D Bar Coding" technology.

### **2D Bar Coding**

The department will employ a new technology this tax season to process 2000 Interest and Dividends tax returns and 2001 Interest and Dividends estimated tax forms. The technology is called "2D Bar Coding" which takes the familiar one-dimensional bar coding used in most supermarkets and adds a second dimension which allows a tremendous amount of information to be displayed in a small space, since the data is encoded in both the horizontal and vertical dimensions. This technology was first implemented by the Indiana Department of Revenue three years ago, with 5 states using the technology the following year. NH and 9 other states are implementing the technology this year.

This technology requires the cooperation of tax software developers who put a module in their program that allows all the data items filled in on the return to print in the 2D bar code. The form will have a 2D bar code on the return when printed out. When the form is received by the department, the 2D bar code will be scanned in the initial processing step. The information goes directly to overnight processing and posts to the taxpayer's account. This eliminates the need for data entry by department staff and allows for quicker and more accurate processing.

Other states have reported decreased processing times, quicker refund processing, less errors and reduced need for communication with the taxpayer. Electronic filing of all returns remains the department's goal, but it is recognized that there will always be a certain percentage of returns filed on paper. This technology allows the department to make that processing more efficient.

The software companies that are participating with NH this year are: H&R Block, Creative Solutions, Intuit, Drake Software and STF Services. Any other software company that would like to participate may request the specifications and test package from the department by contacting the Department at (603) 271-2191.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the Department at (603) 271-2318.