

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

EXEMPT ORGANIZATIONS

Announcement 2002-87, page 624.

This document contains an explanation of recent changes to Form 990, *Return of Organization Exempt From Income Tax*, and related forms and requests comments on possible additional changes.

ADMINISTRATIVE

Notice 2002-62, page 574.

Timely filing or payment; private delivery services. This document provides an updated list of designated private delivery services (PDSs) for purposes of section 7502 of the Code. Two new delivery services are added to the list effective September 5, 2002. Notices 97-26 and 2001-62 modified and superseded.

Rev. Proc. 2002-57, page 575.

General rules and specifications for private printing of substitute forms. This procedure provides requirements for reproducing paper substitutes and for furnishing substitute recipient statements for Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S. It will be reproduced as the next revision of Publication 1179. Rev. Proc. 2001-50 superseded.

Rev. Proc. 2002-59, page 615.

This document provides guidance under section 7701 of the Code for a newly formed entity that requests relief for a late initial classification election filed by the due date of the entity's first federal tax return (excluding extensions). Rev. Proc. 2002-15 modified and superseded.

Rev. Proc. 2002-61, page 616.

Optional standard mileage rates. This procedure announces 36 cents as the optional rate for deducting or accounting for expenses for business use of an automobile, 14 cents as the optional rate for use of an automobile as a charitable contribution, and 12 cents as the optional rate for use of an automobile as a medical or moving expense for 2003. It provides rules for substantiating the deductible expenses of using an automobile for business, moving, medical, or charitable purposes. Rev. Proc. 2001-54 superseded.

Announcement 2002-85, page 624.

The Service announces that Publication 555, *Community Property* (revised June 2002), is now available. This publication provides basic federal tax information for married taxpayers who are domiciled in a community property state.

Announcement 2002-86, page 624.

The Service announces that Publication 520, *Scholarships and Fellowships* (revised June 2002), is now available. This publication provides basic federal tax information concerning scholarships, fellowships, and tuition reductions.

Announcement 2002-89, page 626.

This document contains corrections to final regulations (T.D. 8925, 2001-1 C.B. 496) clarifying the tax consequences of partnership mergers and divisions.

Finding Lists begin on page ii.



The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court

decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 62.—Adjusted Gross Income Defined

26 CFR 1.62-2: Reimbursements and other expense allowance arrangements.

Rules are provided under which a reimbursement or other expense allowance arrangement for the cost of operating an automobile for business purposes will satisfy the requirements of section 62(c) of the Code as to business connection, substantiation, and returning of amounts in excess of expenses. See Rev. Proc. 2002-61, page 616.

Section 162.—Trade or Business Expenses

26 CFR 1.162-17: Reporting and substantiation of certain business expenses of employees.

Rules are provided for substantiating the amount of a deduction or an expense for business use of an automobile that most nearly represents current costs. See Rev. Proc. 2002-61, page 616.

Section 170.—Charitable, etc., Contributions and Gifts

26 CFR 1.170A-1: Charitable, etc., contributions and gifts; allowance of deduction.

Rules are provided for substantiating the amount of a deduction or an expense for charitable use of an automobile. See Rev. Proc. 2002-61, page 616.

Section 213.—Medical, Dental, etc., Expenses

26 CFR 1.213-1: Medical, dental, etc., expenses.

Rules are provided for substantiating the amount of a deduction or an expense for use of an automobile to obtain medical services. See Rev. Proc. 2002-61, page 616.

Section 217.—Moving Expenses

26 CFR 1.217-2: Moving expenses.

Rules are provided for substantiating the amount of a deduction or an expense for use of an automobile as part of a move. See Rev. Proc. 2002-61, page 616.

Section 274.—Disallowance of Certain Entertainment, etc., Expenses

26 CFR 1.274-5: Substantiation requirements.

Rules are provided for substantiating the amount of ordinary and necessary business expenses of an employee for automobile expenses when a payor provides a mileage allowance for such expenses. Rules are also provided for employees and self-employed individuals to use in substantiating a trade or business deduction for automobile expenses. See Rev. Proc. 2002-61, page 616.

Section 1016.—Adjustments to Basis

26 CFR 1.1016-3: Exhaustion, wear and tear, obsolescence, amortization, and depletion for periods since February 28, 1913.

Rules are provided for reduction of basis for business use of an automobile under either the optional standard mileage rate method or a mileage allowance under a reimbursement or other expense allowance arrangement. See Rev. Proc. 2002-61, page 616.

Part III. Administrative, Procedural, and Miscellaneous

Designated Private Delivery Services

Notice 2002-62

This notice updates the list of designated private delivery services (“designated PDSs”) set forth in Notice 2001-62, 2001-2 C.B. 307, for purposes of the timely mailing treated as timely filing/paying rule of section 7502 of the Internal Revenue Code, effective September 5, 2002. The Internal Revenue Service (IRS) is adding two new delivery services to the list of designated PDSs.

Section 7502(f) authorizes the Secretary to designate certain PDSs for the timely mailing treated as timely filing/paying rule of section 7502. Rev. Proc. 97-19, 1997-1 C.B. 644, provides the criteria currently applicable for designation of a PDS. Notice 97-26, 1997-1 C.B. 413, provides special rules to determine the date that will be treated as the postmark date for purposes of section 7502. Notice 97-50, 1997-2 C.B. 305, *modifying* Rev. Proc. 97-19 and Notice 97-26, provides that each year there will be only one application period to apply for designation, which will end on June 30th. Notice 99-41, 1999-2 C.B. 325, provides that the IRS will publish a subsequent notice providing a new list of designated PDSs only if a designated PDS (or service) is added to, or removed from, the current list.

Effective September 5, 2002, the list of designated PDSs is as follows:

1. Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and Second Day Service;
2. DHL Worldwide Express (DHL): DHL “Same Day” Service and DHL USA Overnight;

3. Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day, FedEx International Priority, and FedEx International First; and

4. United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

FedEx International Priority, and FedEx International First are added to the list published in Notice 2001-62. Both of these services provide delivery services to the United States from foreign countries. Airborne, DHL, FedEx, and UPS are not designated with respect to any type of delivery service not identified above.

The list of designated PDSs and services set forth above will remain in effect until further notice. The IRS will publish a subsequent notice setting forth a new list only if a designated PDS (or service) is added to, or removed from, the current list, or if there is a change to the application and/or appeal procedures. Delivery services that wish to be designated in time for an upcoming filing season must continue to submit applications by June 30th of the year preceding that filing season, as required by Rev. Proc. 97-19 (as modified by Notice 97-50). Notice 97-26 continues to provide special rules used to determine the date that will be treated as the postmark date for purposes of section 7502.

SPECIAL RULES FOR DETERMINING PORTMARK DATE

Notice 97-26 is modified to provide new rules for determining the postmark date under section 7502 of the Code, for items delivered by FedEx International Priority and FedEx International First. Under Notice 97-26, FedEx applied an electronically generated label indicating the date on which

each item was given to FedEx for delivery. For FedEx International Priority and FedEx International First, however, FedEx will either apply a label indicating the item was received for delivery or will electronically record the date in FedEx’s database.

If FedEx applies a label to the cover of an item received for delivery through FedEx International Priority or FedEx International First, then the same rules for determining the postmark date as provided in Notice 97-26 apply to determine the postmark date of the item. If FedEx records the date in its electronic database, the date so recorded is treated as the postmark date. The same rules from Notice 97-26 regarding the presumption of the postmark date and the taxpayer’s burden in overcoming that presumption apply to items delivered by FedEx International Priority and FedEx International First for which there is no label indicating the date received.

EFFECT ON OTHER DOCUMENTS

Notice 97-26 and Notice 2001-62 are modified and, as so modified, are superseded.

EFFECTIVE DATE

This notice is effective on September 5, 2002.

FOR FURTHER INFORMATION

The principal author of this notice is Charles A. Hall of the Office of Associate Chief Counsel, Procedure and Administration (Administrative Provisions and Judicial Practice Division). For further information regarding this notice, contact Charles A. Hall at (202) 622-4940 (not a toll-free call).

NOTE: This revenue procedure will be reprinted as the next revision of IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G (and 1042-S)*

26 CFR 601.602: *Forms and instructions.*

(Also Part 1, Sections 220, 408, 408A, 529, 530(h), 1441, 6041, 6041A, 6042, 6043, 6044, 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, 1.408-5, 1.408-7, 1.408A-7, 1.1441-1 through 1.1441.5, 1.6041-1, 7.6041-1, 1.6042-2, 1.6042-4, 1.6044-2, 1.6044-5, 1.6045-1, 5f.6045-1, 1.6045-2, 1.6045-4, 1.6047-1, 1.6049-4, 1.6049-6, 1.6049-7, 1.6050A-1, 1.6050B-1, 1.6050D-1, 1.6050E-1, 1.6050H-1, 1.6050H-2, 1.6050J-1T, 1.6050N-1, 1.6050P-1).

Rev. Proc. 2002-57

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Part 1 General Information

Section 1.1 — Overview of Revenue Procedure 2002-57

1.1.1 Purpose

The purpose of this revenue procedure is to set forth the 2002 requirements for:

- Using official Internal Revenue Service (IRS) forms to file information returns with the IRS,
- Preparing acceptable substitutes of the official IRS forms to file information returns with the IRS, and
- Using official or acceptable substitute forms to furnish information to recipients.

1.1.2 Which Forms Are Covered?

This revenue procedure contains specifications for these information returns:

Form	Title
1096	Annual Summary and Transmittal of U.S. Information Returns
1098	Mortgage Interest Statement
1098-E	Student Loan Interest Statement
1098-T	Tuition Payments Statement
1099-A	Acquisition or Abandonment of Secured Property
1099-B	Proceeds From Broker and Barter Exchange Transactions
1099-C	Cancellation of Debt
1099-DIV	Dividends and Distributions
1099-G	Certain Government Payments
1099-INT	Interest Income
1099-LTC	Long-Term Care and Accelerated Death Benefits
1099-MISC	Miscellaneous Income
1099-MSA	Distributions From an Archer MSA or Medicare+Choice MSA
1099-OID	Original Issue Discount
1099-PATR	Taxable Distributions Received From Cooperatives
1099-Q	Qualified Tuition Program Payments (Under Section 529)
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
1099-S	Proceeds From Real Estate Transactions
5498	IRA and Coverdell ESA Contribution Information
5498-MSA	Archer MSA or Medicare+Choice MSA Information
W-2G	Certain Gambling Winnings
1042-S	Foreign Person's U.S. Source Income Subject to Withholding

1.1.3 Scope

For purposes of this revenue procedure, a substitute form or statement is one that is not printed by the IRS. For a substitute form or statement to be acceptable to the IRS, it must conform to the official form or the specifications outlined in this revenue procedure. **Do not submit any substitute forms or statements listed above to the IRS for approval.** Privately printed forms may not state "This is an IRS approved form."

Filers making payments to certain recipients during a calendar year are required by the Internal Revenue Code (the Code) to file information returns with the IRS for these payments. These filers must also provide this information to their recipients. In some cases, this also applies to payments received. See **Part 4** for specifications that apply to recipient statements (**generally Copy B**).

In general, section 6011 of the Code contains requirements for filers of information returns. A filer must file information returns on magnetic media, through electronic filing, or on paper. A filer who is required to file 250 or more information returns of any one type during a calendar year must file those returns by magnetic media or electronic filing.

Exception. Filers are not required to use magnetic media or electronic filing when filing 250 or more Forms **1098-E** or **1098-T**.

Although not required, small volume filers (fewer than 250 returns during a calendar year) and Form 1098-E and 1098-T filers may file the forms on magnetic media or electronically. See the legal requirements for filing information returns (and providing a copy to a payee) in the **2002 General Instructions for Forms 1099, 1098, 5498, and W-2G** and the **2002 Instructions for Form 1042-S**. In addition, see **Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically**.

1.1.4 For More Information

The IRS prints and provides the forms on which various payments must be reported. Alternatively, filers may prepare substitute copies of these IRS forms and use such forms to report payments to the IRS.

- For copies of the official forms and instructions, call our toll-free number at **1-800-TAX-FORM (1-800-829-3676)**.
- The IRS operates a central call site to answer questions related to information returns, penalties, and backup withholding. The hours of operation are Monday through Friday from 8:30 a.m. to 4:30 p.m.,

Eastern time. For your convenience, a new toll free number, **1-866-455-7438**, has been established. You may also still use the original telephone number, 304-263-8700 (not toll free). The TTY/TDD number is 304-267-3367 (not toll free). The call site can also be reached by e-mail at **mccirp@irs.gov**.

1.1.5 Changes to the Revenue Procedure

The following change(s) have been made to this year's Revenue Procedure:

- Rules and specifications for Form **1099-Q**, Qualified Tuition Program Payments (Under Section 529), were added to the Revenue Procedure as part of Section 4.3.2. Exhibit P also shows an example of the form.
-

1.1.6 Some Changes for 2003

Some changes anticipated for the 2003 forms are:

- The title of Form 1098-T is being changed to "Tuition Statement."
 - On Form 5498, box 11 will be left untitled. This box will have a two-fold use:
 - (a) To indicate a required minimum distribution (RMD), and
 - (b) To designate a prior year contribution made by armed services personnel who were in designated combat zones.
 - New Form 5498-ESA, *Coverdall ESA Contribution Information*, is being developed.
 - New Form 1099-H, *Health Insurance Advance Payments*, is being developed.
-

Section 1.2 — General Requirements for Acceptable Substitute Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S

1.2.1 Introduction

Paper substitutes for Form 1096 and Copy A of Forms 1098, 1099, 5498, W-2G, and 1042-S that totally conform to the specifications listed in this revenue procedure may be privately printed and filed as returns with the IRS. The reference to the Department of the Treasury - Internal Revenue Service should be included on all such forms.

If you are uncertain of any specification and want it clarified, you may submit a letter citing the specification, stating your understanding and interpretation of the specification, and enclosing an example of the form (if appropriate) to:

Internal Revenue Service
Attn: Substitute Forms Program
W:CAR:MP:FP:S:SP
1111 Constitution Ave. NW
Room 6411 IR
Washington, DC 20224

Note: Allow at least 45 days for the IRS to respond.

You may also contact the Substitute Forms Program Unit via e-mail at **taxforms@irs.gov*. Please enter "Substitute Forms" on the Subject Line.

Forms 1096, 1098, 1099, 5498, and W-2G are subject to annual review and possible change. Therefore, filers are cautioned against overstocking supplies of privately printed substitutes. **The specifications contained in this revenue procedure apply to 2002 forms only.**

1.2.2 Copy A Specifications

Proposed substitutes for Copy A that do not conform to the specifications in this revenue procedure are not acceptable. Further, if you file such forms with the IRS, you may be subject to a penalty for failure to file an information return under section 6721 of the Code. Generally, the penalty is \$50 for each failure to file a form (up to \$250,000) that the IRS cannot accept as a return because it does not meet the provisions in this revenue procedure. No IRS office is authorized to allow deviations from this revenue procedure.

Caution: Overuse of proportional fonts may cause you to be subject to penalties and delays in processing.

1.2.3 Copy B and Copy C Specifications

Copies B and Copies C of the following forms must contain the information in **Part 4** to be considered a “statement” or “official form” under the applicable provisions of the Code. The format of this information is at the discretion of the filer with the exception of the location of the tax year, form number, form name, and the information for **composite Form 1099 statements** as outlined under **Section 4.2**.

Copy B of the forms below are for the following recipients.

Form	Recipient
1098	For Payer
1098-E; 1099-A	For Borrower
1098-T	For Student
1099-C	For Debtor
1099-LTC	For Policyholder
1099-R; W-2G	(These forms may require Copy B to be attached to the federal income tax return.)
1099-S	For Transferor
All Other Forms 1099	For Recipient
5498; 5498-MSA	For Participant

Copy C of the following forms are:

Form	Recipient
1099-LTC	For Insured
1099-R	For Recipient’s Records
W-2G	For Winner’s Records

Note: On Copy C, Form 1099-LTC, you may reverse the locations of the policyholder’s and the insured’s name, street address, city, state, and ZIP code for easier mailing.

Section 1.3 — Definitions

1.3.1 Form Recipient

Form recipient means the person to whom you are required by law to furnish a copy of the official form or information statement. The form recipient may be referred to by different names on various Forms 1099 and related forms (“payer,” “borrower,” “student,” “debtor,” “policyholder,” “insured,” “transferor,” “recipient,” “participant,” or, in the case of Form W-2G, the “winner”). See **Section 1.2.3** earlier.

1.3.2 Filer

Filer means the person or organization required by law to file a form listed in **Section 1.1.2** with the IRS. As outlined earlier, a filer may be a payer, creditor, recipient of mortgage or student loan interest payments, educational institution, broker, barter exchange, person reporting real estate transactions, trustee or issuer of any individual retirement arrangement or medical savings account, or lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

1.3.3 Substitute Form

Substitute form means a paper substitute of Copy A of an official form listed in **Section 1.1.2** that totally conforms to the provisions in this revenue procedure.

1.3.4 Substitute Form Recipient Statement

Substitute form recipient statement means a paper statement of the information reported on a form listed in **Section 1.1.2**. This statement must be furnished to a person (form recipient), as defined under the applicable provisions of the Code and the applicable regulations.

1.3.5 Composite Substitute Statement

Composite substitute statement means one in which two or more required statements (*e.g.*, Forms 1099–INT and 1099–DIV) are furnished to the recipient on one document. However, each statement must be designated separately and must contain all the requisite Form 1099 information except as provided under **Section 4.2**. A composite statement **may not** be filed with the IRS.

Part 2
Specifications for Substitute Forms 1096
and Copies A of Forms 1098, 1099,
and 5498 (All Filed With the IRS)

Section 2.1 — Specifications

2.1.1 General Requirements

Form identifying numbers (*e.g.*, 9191 for Form 1099–DIV) must be printed in nonreflective black carbon-based ink in print positions 15 through 19 using an OCR A font. The checkboxes to the right of the form identifying numbers must be 10-point boxes. The “VOID” checkbox is in print position 25. The “CORRECTED” checkbox is in position 33. Measurements are from the left edge of the paper, not including the perforated strip. See **Exhibits D and K**.

The substitute form must be an exact replica of the official IRS form with respect to layout and content. To determine the correct form measurements, see **Exhibits A through V** at the end of this publication.

Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.

Use of chemical transfer paper for Copy A is acceptable.

The Government Printing Office (GPO) symbol must be deleted.

2.1.2 Color and Paper Quality

Color and paper quality for Copy A (cut sheets and continuous pinfeed forms) as specified by JCP Code 0–25, dated November 29, 1978, must be white 100% bleached chemical wood, optical character recognition (OCR) bond produced in accordance with the following specifications.

Note: *Reclaimed fiber in any percentage is permitted provided the requirements of this standard are met.*

• Acidity: Ph value, average, not less than.....	4.5
• Basis Weight: 17 x 22–500 cut sheets.....	18–20
Metric equivalent—g/m ²	75
A tolerance of ±5 pct. is allowed.	
• Stiffness: Average, each direction, not less than—milligrams	50
• Tearing strength: Average, each direction, not less than—grams.....	40
• Opacity: Average, not less than—percent	82
• Thickness: Average—inch.....	0.0038
Metric equivalent—mm.....	0.097
A tolerance of +0.0005 inch (0.0127 mm) is allowed. Paper cannot vary more than 0.0004 inch (0.0102mm) from one edge to the other.	
• Porosity: Average, not less than—seconds	10
• Finish (smoothness): Average, each side—seconds	20–55
For information only, the Sheffield equivalent—units.....	170–100
• Dirt: Average, each side, not to exceed—parts per million.....	8

2.1.3 Chemical Transfer Paper

Chemical transfer paper is permitted for Copy A only if the following standards are met:

- Only chemically backed paper is acceptable for Copy A. Front and back chemically treated paper cannot be processed properly by machine.
- Carbon-coated forms are not permitted.
- Chemically transferred images must be black.

All copies must be **clearly legible**. Hot wax and cold carbon spots **are not** permitted for Copy A. **Inter-leaved carbon** should be black and must be of good quality to assure legibility on all copies and to avoid smudging. Fading must be minimized to assure legibility.

2.1.4 Printing

All print on **Copy A of Forms 1098, 1099, 5498**, and the print on **Form 1096** above the statement “*Please return this entire page to the Internal Revenue Service. Photocopies are not acceptable.*” must be in Flint J-6983 red OCR dropout ink or an exact match. However, the four-digit form identifying number **must** be in nonreflective carbon-based **black** ink in OCR A font.

The shaded areas of any substitute form should generally correspond to the format of the official form.

The printing for the **Form 1096** statement and the following text may be in any shade or tone of black ink. Black ink should only appear on the lower part of the reverse side of Form 1096 where it will not bleed through and interfere with scanning.

Note: *The instructions on the front and back of Form 1096, which include filing addresses, must be printed.*

Separation between fields must be 0.1 inch.

Except for Form 1099–R and 1099–MISC, the numbered captions are printed as solid with no shaded background.

Other printing requirements are discussed below.

2.1.5 OCR Specifications

The contractor must initiate or have a quality control program to assure OCR ink density. Readings will be made when printed on approved 20 lb. white OCR bond with a reflectance of not less than 80%. Black ink must not have a reflectance greater than 15%. These readings are based on requirements of the “Scan-Optics Series 9000” Optical Scanner using Flint J-6983 red OCR dropout ink or an exact match.

The following testers and ranges are acceptable:

- **MacBeth PCM-II**. The tested Print Contrast Signal (PCS) values when using the MacBeth PCM-II tester on the “C” scale must range from .01 minimum to .06 maximum.
- **Kidder 082A**. The tested PCS values when using the Kidder 082A tester on the Infra Red (IR) scale must range from .12 minimum to .21 maximum. White calibration disc must be 100%. Sensitivity must be set at one (1).
- **Alternative testers**. Alternative testers must be approved by the Government so that tested PCS values can be established. You may obtain approval by writing to the following address:

Commissioner of Internal Revenue
Attn: W:CAR:MP:M:T:M, Room 6230
Tax Products
1111 Constitution Ave. NW
Washington, DC 20224

2.1.6 Typography

Type must be substantially identical in size and shape to the official form. All rules are either ½-point or ¾-point. Rules must be identical to those on the official IRS form.

Note: *The form identifying number must be nonreflective carbon-based black ink in OCR A font.*

2.1.7 Dimensions

Generally, three **Forms 1098, 1099, or 5498 (Copy A)** are contained on a single page, 8 inches wide (without any snap-stubs and/or pinfeed holes) by 11 inches deep.

Exceptions. Forms 1099–MISC, 1099–R, and 1042–S contain two documents per page.

There is a .33 inch top margin from the top of the corrected box, and a .25 inch right margin. There is a 1/32 (0.0313) inch tolerance for the right margin. If the right and top margins are properly aligned, the left margin for all forms will be correct. All margins must be free of print. See **Exhibits A through U** in this publication for the correct form measurements.

These measurements are constant for all **Forms 1098, 1099, and 5498**. These measurements are shown only once in this publication, on Form 1098 (Exhibit B). Exceptions to these measurements are shown on the rest of the exhibits.

The depth of the individual trim size of each form on a page must be $3\frac{2}{3}$ inches, the same depth as the official form.

Exceptions. The depth of **Forms 1099–MISC** and **1099–R** is $5\frac{1}{2}$ inches.

2.1.8 Perforation

Copy A (three per page; two per page for **Forms 1099–MISC** and **1099–R**) of privately printed continuous substitute forms must be perforated at each 11" page depth. No perforations are allowed between the $3\frac{2}{3}$ " forms ($5\frac{1}{2}$ " for Forms 1099–MISC or 1099–R) on a single copy page of Copy A.

The words "Do Not Cut or Separate Forms on This Page" must be printed in red dropout ink (as required by form specifications) between the three forms (two for Forms **1099–MISC** or **1099–R**).

Note: *Perforations are required between all the other individual copies (Copies B and C, and Copies 1 and 2 for **Forms 1099–R** and **1099–MISC**, and Copy D for **Forms 1099–LTC** and **1099–R**) in the set.*

2.1.9 What To Include

You must include the OMB Number on **Copies A** and **Form 1096** in the same location as on the official form.

The words "For Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W–2G**" must be printed on Copy A; "For more information and the Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W–2G**" must be printed on **Form 1096**.

A postal indicia may be used if it meets the following criteria:

- It is printed in the OCR ink color prescribed for the form, and
- No part of the indicia is within one print position of the scannable area.

The printer's symbol (GPO) must not be printed on substitute Copy A. Instead, the employer identification number (EIN) of the forms printer must be entered in the bottom margin on the face of each individual form of **Copy A**, or on the bottom margin on the back of each **Form 1096**.

The Catalog Number (Cat. No.) shown on the 2002 forms is used for IRS distribution purposes and need not be printed on any substitute forms.

The form **must not** contain the statement "IRS approved" or any similar statement.

Section 2.2 — Instructions for Preparing Paper Forms That Will Be Filed With the IRS

2.2.1 Recipient Information

The form recipient's name, street address, city, state, and ZIP code information should be **typed or machine printed in black ink** in the same format as shown on the official IRS form. The city, state, and ZIP code must be on the same line.

The following rules apply to the form recipient's name(s):

- The name of the appropriate form recipient must be shown on the first or second name line in the area provided for the form recipient's name.
- No descriptive information or other name may precede the form recipient's name.
- Only **one** form recipient's name may appear on the first name line of the form.
- If the multiple recipients' names are required on the form, enter on the first name line the recipient name that corresponds to the recipient taxpayer identification number (TIN) shown on the form. Place the other form recipients' names on the second name line (only 2 name lines are allowable).

Because certain states require that trust accounts be provided in a different format, generally filers should provide information returns reflecting payments to trust accounts with the:

- Trust's employer identification number (EIN) in the recipient's TIN area,
- Trust's name on the recipient's first name line, and
- Name of the trustee on the recipient's second name line.

Although handwritten forms will be accepted, the IRS prefers that filers **type or machine print** data entries. Also, filers should insert data in the **middle of blocks** well separated from other printing and guidelines, and take measures to guarantee clear, dark black, sharp images. Carbon copies and photocopies are not acceptable.

2.2.2 Account Number Box

You should use the account number box for an account number designation. This number must not appear anywhere else on the form, and this box may not be used for any other item.

Showing the account number is optional. However, it may be to your benefit to include the recipient's account number or designation on paper documents if your record keeping system uses, for identification purposes, the account number or designation in conjunction with, or instead of, the name, social security number, or employer identification number.

If you furnish the account number, the IRS will include it in future notices to you about backup withholding. If you use window envelopes and a reduced rate to mail statements to recipients, be sure the account number does not appear in the window. Otherwise, the Postal Service may not accept them for mailing.

2.2.3 Specifications and Restrictions

Machine-printed forms should be printed using a 6 lines/inch option, and should be printed in 10 pitch pica (10 print positions per inch) or 12 pitch elite (12 print positions per inch). **Proportional spaced fonts are unacceptable.**

Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet before they are filed with the IRS. The size specified **does not include pin feed holes**. Pin feed holes **must not** be present on forms filed with the IRS.

Do not:

- Use a felt tip marker. The machine used to "read" paper forms generally cannot read this ink type.
 - Use dollar signs (\$), ampersands (&), asterisks (*), commas (,), or other special characters in the numbered money boxes.
Exception. Use decimal points to indicate dollars and cents (*e.g.*, 2000.00 is acceptable).
 - Fold **Forms 1096, 1098, 1099, or 5498** mailed to the IRS. Mail these forms flat in an appropriately sized envelope or box. Folded documents cannot be readily moved through the machine used in IRS processing.
 - Staple Forms 1096 to the transmitted returns. Any staple holes near the return code number may impair the IRS's ability to machine scan the type of documents.
 - Type other information on **Copy A**.
 - Cut or separate the individual forms on the sheet of forms of **Copy A (except Forms W-2G)**.
-

2.2.4 Where To File

Mail completed paper forms to the IRS service center shown in the **Instructions for Form 1096** and in the 2002 **General Instructions for Forms 1099, 1098, 5498, and W-2G**. Specific information needed to complete the forms mentioned in this revenue procedure are given in the specific form instructions. A chart is included in the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G giving a quick guide to which form must be filed to report a particular payment.

Part 3

Specifications for Substitute Form W-2G (Filed With the IRS)

Section 3.1 — General

3.1.1 Purpose

The following specifications give the format requirements for substitute **Form W-2G (Copy A only)**, which is filed with the IRS.

A filer may use a substitute Form W-2G to file with the IRS (referred to as “**substitute Copy A**”). The substitute form must be an exact replica of the official form with respect to layout and content.

Section 3.2 — Specifications for Copy A of Form W-2G

3.2.1 Substitute Form W-2G (Copy A)

You must follow these specifications when printing substitute Copy A of the Form W-2G.

Item	Substitute Form W-2G (Copy A)
Paper Color and Quality	Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22-500), plus or minus 5 percent. The paper must consist substantially of bleached chemical wood pulp. It must be free from unbleached or ground wood pulp or post-consumer recycled paper. It also must be suitably sized to accept ink without feathering.
Ink Color and Quality	All printing must be in a high quality nongloss black ink.
Typography	The type must be substantially identical in size and shape to the official form. All rules on the document are either ½ point (.007 inch), 1 point (0.015 inch), or 3 point (0.045). Vertical rules must be parallel to the left edge of the document, horizontal rules to the top edge.
Dimensions	The official form is 8 inches wide x 3⅔ inches deep, exclusive of a ⅔ inch snap stub on the left side of the form. Any substitute Copy A must be the same dimensions. The snap feature is not required on substitutes. All margins must be free of print. The top and right margins must be ¼ inch plus or minus .0313. If the top and right margins are properly aligned, the left margin for all forms will be correct. If the substitute forms are in continuous or strip form, they must be burst and stripped to conform to the size specified for a single form.
Hot Wax and Cold Carbon Spots	Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply. Interleaved carbons, if used, should be black and of good quality to avoid smudging.
Printer's Symbol	The Government Printing Office (GPO) symbol must not be printed on substitute Forms W-2G. Instead, the employer identification number (EIN) of the forms printer must be printed in the bottom margin on the face of each individual Copy A on a sheet. The form must not contain the statement “IRS approved” or any similar statement.
Catalog Number	The Catalog Number (Cat. No.) shown on Form W-2G is used for IRS distribution purposes and need not be printed on any substitute forms.

Part 4

Substitute Statements to Form Recipients and Form Recipient Copies

Section 4.1 — Specifications

4.1.1 Introduction

If you do not use the official IRS form to furnish statements to recipients, you must furnish an acceptable substitute statement. To be acceptable, your substitute statement must comply with the rules in this section. In general, see Regulations sections 1.6042–4, 1.6044–5, 1.6049–6, and 1.6050N–1 to determine how certain statements must be provided to recipients (statement mailing requirements for most **Forms 1099–DIV** and **1099–INT**, all **Forms 1099–OID** and **1099–PATR**, and **Form 1099–MISC** or **1099–S** for royalties).

Note: *A trustee of a grantor-type trust may choose to file **Forms 1099** and furnish a statement to the grantor under Regulations sections 1.671–4(b)(2)(iii) and (b)(3)(ii). The statement required by those regulations is not subject to the requirements outlined in this section.*

4.1.2 Substitute Statements to Recipients for Certain Forms 1099–INT and 1099–DIV, and for Forms 1099–OID and 1099–PATR

The rules in this section apply to **Form 1099–INT** (except for interest reportable under section 6041), **1099–DIV** (except for section 404(k) dividends), **1099–OID**, and **1099–PATR** only. You may furnish form recipients with **Copy B** of the official Form 1099 or a substitute Form 1099 (form recipient statement) if it contains the same language as the official IRS form (such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the person making the return, and any other information required by the official form). Except for state income tax withholding information, information not required by the official form should not be included on the substitute form.

You may enter a total of the individual accounts listed on the form only if they have been paid by the same payer. For example, if you are listing interest paid on several accounts by one financial institution on Form 1099–INT, you may also enter the total interest amount. You may also enter a date next to the corrected box if that box is checked.

A substitute form recipient statement for **Forms 1099–INT**, **1099–DIV**, **1099–OID**, or **1099–PATR** must comply with the following requirements:

1. Box captions and numbers that are applicable must be clearly identified, using the same wording and numbering as on the official form.
Note: *For **Form 1099–INT**, if box 3 is not on your substitute form, you may drop “not included in box 3” from the box 1 caption.*
2. The form recipient statement must contain all applicable form recipient instructions provided on the front and back of the official IRS form. Those instructions may be provided on a separate sheet of paper.
3. The form recipient statement must contain the following in bold and conspicuous type:
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
4. The box caption “**Federal income tax withheld**” must be in boldface type on the form recipient statement.
5. The form recipient statement must contain the Office of Management and Budget (OMB) number as shown on the official IRS form. See **Part 5**.
6. The form recipient statement must contain the tax year (*e.g.*, 2002), form number (*e.g.*, Form 1099–INT), and form name (*e.g.*, Interest Income) of the official IRS Form 1099. This information must be displayed prominently together in one area of the statement. For example, the tax year, form number, and form name could be shown in the upper right part of the statement. Each copy must be appropriately labeled (such as Copy B, For Recipient). See **Section 4.4** for applicable labels and arrangement of assembly of forms.
Note: *Do not include the words “Substitute for” or “In lieu of” on the form recipient statement.*
7. Layout and format of the form is at the discretion of the filer. However, the IRS encourages the use of boxes so that the statement has the appearance of a form and can be easily distinguished from other nontax statements.
8. Each recipient statement of **Forms 1099–DIV**, **1099–INT**, **1099–OID**, and **1099–PATR** must include the direct access telephone number of an individual who can answer questions about the statement. **Include that telephone number conspicuously anywhere on the recipient statement.**

9. Until new regulations are issued, the IRS will not assess penalties for use of a logo (e.g., the name of the payer in any typeface, font, or style, and/or a symbolic icon) or slogan on a recipient statement if the logo or slogan is used by the payer in the ordinary course of its trade or business. In addition, use of the logo or slogan must not make it less likely for a reasonable payee to recognize the importance of the statement for tax reporting purposes.
10. A mutual fund family may state separately on one document (e.g., one piece of paper) the dividend income earned by a recipient from each fund within the family of funds as required by **Form 1099-DIV**. However, each fund and its earnings must be stated separately. The form must contain an instruction to the recipient that each fund's dividends and name, not the name of the mutual fund family, must be reported on the recipient's tax return. **The form cannot contain an aggregate total of all funds.** In addition, a mutual fund family may furnish a single statement (as a single filer) for **Forms 1099-INT, 1099-DIV, and 1099-OID** information. Each fund and its earnings must be stated separately. The form must contain an instruction to the recipient that each fund's earnings and name, not the name of the mutual fund family, must be reported on the recipient's tax return. **The form cannot contain an aggregate total of all funds.**

4.1.3 Substitute Statements to Recipients for Certain Forms 1098, 1099, 5498, and W-2G

Statements to form recipients for **Forms 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-G, 1099-LTC, 1099-MISC, 1099-MSA, 1099-Q, 1099-R, 1099-S, 5498, 5498-MSA, W-2G, 1099-DIV** (only for section 404(k) dividends reportable under section 6047), and **1099-INT** (only for interest of \$600 or more made in the course of a trade or business reportable under section 6041) can be copies of the official forms or an acceptable substitute. To be acceptable, a substitute form recipient statement must meet the following requirements.

1. The tax year, form number, and form name must be the same as the official form and must be displayed prominently together in one area on the statement. For example, they may be shown in the upper right part of the statement.
2. The filer's and the form recipient's identifying information required on the official IRS form must be included.
3. Each substitute recipient statement for **Forms W-2G, 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-DIV, 1099-G** (excluding state and local income tax refunds), **1099-INT, 1099-LTC, 1099-MISC** (excluding fishing boat proceeds), **1099-OID, 1099-PATR, 1099-Q, and 1099-S** must include the direct access telephone number of an individual who can answer questions about the statement. **You may include the telephone number conspicuously anywhere on the recipient statement.** Although not required, payers reporting on **Forms 1099-C, 1099-MSA, 1099-R, 5498, and 5498-MSA** are encouraged to furnish telephone numbers.
4. All applicable money amounts and information, including box numbers, required to be reported to the form recipient must be titled on the form recipient statement in substantially the same manner as those on the official IRS form. The box caption "**Federal income tax withheld**" must be in boldface type on the form recipient statement.

Exception. If you are reporting a payment as "Other income" in box 3 of **Form 1099-MISC**, you may substitute appropriate language for the box title. For example, for payments of accrued wages and leave to a beneficiary of a deceased employee, you might change the title of box 3 to "Beneficiary payments" or something similar.

Note: *You cannot make this change on Copy A.*

5. You must provide appropriate instructions to the form recipient similar to those on the official IRS form, to aid in the proper reporting on the form recipient's income tax return. For payments reported on **Form 1099-B**, the requirement to include instructions substantially similar to those on the official IRS form may be satisfied by providing form recipients with a single set of instructions for all **Forms 1099-B** statements required to be furnished in a calendar year.

Note: *If Federal income tax is withheld and shown on Form 1099-R or W-2G, Copy B and Copy C must be furnished to the recipient. If Federal income tax is not withheld, only Copy C of Form 1099-R and W-2G must be furnished. However, for Form 1099-R, instructions similar to those on the back of the official Copy B and Copy C of Form 1099-R must be furnished to the recipient. For convenience, you may choose to provide both Copies B and C of Form 1099-R to the recipient.*

6. If you use carbon to produce recipient statements, the quality of the carbon must meet the following standards:
 - All copies must be **clearly legible**,
 - All copies must be able to be photocopied, and
 - Fading must not diminish legibility and the ability to photocopy.

In general, black chemical transfer inks are preferred, but other colors are permitted if the above standards are met. Hot wax and cold carbon spots are not permitted on any of the internal form plies. The back of a mailer top envelope ply may contain these spots.

7. A mutual fund family may state separately on one document (*e.g.*, one piece of paper) the **Form 1099-B** information for a recipient from each fund as required by Form 1099-B. However, the gross proceeds, etc., from each transaction within a fund must be stated separately. The form must contain an instruction to the recipient that each fund's (not the mutual fund family's) name and amount must be reported on the recipient's tax return. The form cannot contain an aggregate total of all funds.
8. You may use a Uniform Settlement Statement (under the Real Estate Settlement Procedures Act of 1974 (RESPA)) for **Form 1099-S**. The Uniform Settlement Statement is acceptable as the written statement to the transferor if you include the legend for **Form 1099-S** in **Section 4.3.2** and indicate which information on the Uniform Settlement Statement is being reported to the IRS on Form 1099-S.
9. For reporting state income tax withholding and state payments, you may add an additional box(es) to recipient copies as appropriate.
Note: *You cannot make this change on Copy A.*
10. On **Copy C** of **Form 1099-LTC**, you may reverse the location of the policyholder's and the insured's name, street address, city, state, and ZIP code for easier mailing.
11. Logos are permitted on substitute recipient statements for the forms listed in this section (**Section 4.1.3**).

Section 4.2 — Composite Statements

4.2.1 Composite Substitute Statements for Certain Forms 1099-INT, 1099-DIV, 1099-MISC, and 1099-S, and for Forms 1099-OID and 1099-PATR

A composite form recipient statement is permitted for reportable payments of interest, dividends, original issue discount, patronage dividends, and royalties (**Forms 1099-INT** (except for interest reportable under section 6041), **1099-DIV** (except for section 404(k) dividends), **1099-MISC** or **1099-S** (for royalties only), **1099-OID**, or **1099-PATR**) when one payer is reporting more than one of these payments during a calendar year to the same form recipient. Generally, do not include any other **Form 1099** information (*e.g.*, **1098** or **1099-A**) on a composite statement with the information required on the forms listed in the preceding sentence.

Exception. A filer may include **Form 1099-B** information on a composite form with the forms listed above.

Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the following requirements in addition to the requirements listed earlier in **Section 4.1.2**.

- All information pertaining to a particular type of payment must be located and blocked together on the form and separate from any information covering other types of payments included on the form. For example, if you are reporting interest and dividends, the **Form 1099-INT** information must be presented separately from the **Form 1099-DIV** information.
- The composite form recipient statement must prominently display the tax year, form number, and form name of the official IRS form together in one area at the beginning of each appropriate block of information.
- Any information required by the official IRS forms that would otherwise be repeated in each information block is required to be listed only once in the first information block on the composite form. For example, there is no requirement to report the name of the filer in each information block. This rule does not apply to any money amounts (*e.g.*, Federal income tax withheld) or to any other information that applies to money amounts.
- A composite statement is an acceptable substitute only if the type of payment and the recipient's tax obligation with respect to the payment are as clear as if each required statement were furnished separately on an official form.

4.2.2 Composite Substitute Statements to Recipients for Forms Specified in Section 4.1.3

A composite form recipient statement for the forms specified in **Section 4.1.3** is permitted when one filer is reporting more than one type of payment during a calendar year to the same form recipient. A composite statement is not allowed for a combination of forms listed in **Section 4.1.3** and forms listed in **Section 4.1.2**.

Exceptions. **Form 1099-B** information may be reported on a composite form with the forms specified in **Section 4.1.2** as described in **Section 4.2.1**. In addition, royalties reported on **Form 1099-MISC** or **1099-S** may be reported on a composite form only with the forms specified in **Section 4.1.2**.

Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the requirements listed in **Section 4.2.1** as well as the requirements in **Section 4.1.3**. A composite statement of **Forms 1098** and **1099-INT** (for interest reportable under section 6049) is **not** allowed.

Section 4.3 — Required Legends

4.3.1 Required Legends for Forms 1098

Form 1098 recipient statements (**Copy B**) must contain the following legends:

- **Form 1098**
 1. “The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.”
 2. “**Caution:** *The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.*”
- **Form 1098-E** — “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.”
- **Form 1098-T** — “This is important tax information and is being furnished to the Internal Revenue Service.”

4.3.2 Required Legends for Forms 1099 and W-2G

Forms 1099 and W-2G recipient statements must contain the following legends:

- **Forms 1099-A and 1099-C — Copy B**

“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.”
- **Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, and 1099-Q — Copy B**

“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.”
- **Form 1099-LTC — Copy B** — “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.”

Copy C — “Copy C is provided to you for information only. Only the policyholder is required to report this information on a tax return.”
- **Form 1099-MSA — Copy B**

“This information is being furnished to the Internal Revenue Service.”
- **Form 1099-Q — Copy B**

“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.”
- **Form 1099-R — Copy B** — “Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.”

Copy C — “This information is being furnished to the Internal Revenue Service.”
- **Form 1099-S — Copy B**

“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.”
- **Form W-2G — Copy B** — “This information is being furnished to the Internal Revenue Service. Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return.”

Copy C — “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.”

4.3.3 Required Legends for Forms 5498

Form 5498 recipient statements (**Copy B**) must contain the following legends:

- **Form 5498** — “This information is being furnished to the Internal Revenue Service.”
Note: If you do not furnish another statement to the participant because no contributions were made for the year, the statement of the fair market value of the account must contain this legend and a designation of which information is being furnished to the IRS.
 - **Form 5498-MSA** — “The information in boxes 1 through 6 is being furnished to the Internal Revenue Service.”
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Section 4.4 — Miscellaneous Instructions for Copies B, C, D, 1, and 2

4.4.1 Copies

Copies B, C, and in some cases, D, 1, and 2 are included in the official assembly for the convenience of the filer. You are not legally required to include all these copies with the privately printed substitute forms. Furnishing Copies B and, in some cases, C will satisfy the legal requirement to provide statements of information to form recipients.

*Note: If an amount of Federal income tax withheld is shown on **Form 1099-R** or **W-2G**, **Copy B**, (to be attached to the tax return) and **Copy C** must be furnished to the recipient. **Copy D** (**Forms 1099-R** and **W-2G**) may be used for filer records. Only **Copy A** should be filed with the IRS.*

4.4.2 Arrangement of Assembly

Copy A (“For Internal Revenue Service Center”) of all forms must be on top. The rest of the assembly must be arranged, from top to bottom, as follows. For:

- **Form 1098**—Copy B “For Payer”; Copy C “For Recipient.”
 - **Form 1098-E**—Copy B “For Borrower”; Copy C “For Recipient.”
 - **Form 1098-T**—Copy B “For Student”; Copy C “For Filer.”
 - **Form 1099-A**—Copy B “For Borrower”; Copy C “For Lender.”
 - **Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MSA, 1099-OID, 1099-PATR, and 1099-Q**—Copy B “For Recipient”; Copy C “For Payer.”
 - **Form 1099-C**—Copy B “For Debtor”; Copy C “For Creditor.”
 - **Form 1099-LTC**—Copy B “For Policyholder”; Copy C “For Insured”; and Copy D “For Payer.”
 - **Form 1099-MISC**—Copy 1 “For State Tax Department”; Copy B “For Recipient”; Copy 2 “To be filed with recipient’s state income tax return, when required”; and Copy C “For Payer.”
 - **Form 1099-R**—Copy 1 “For State, City, or Local Tax Department”; Copy B “Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return”; Copy C “For Recipient’s Records”; Copy 2 “File this copy with your state, city, or local income tax return, when required”; Copy D “For Payer.”
 - **Form 1099-S**—Copy B “For Transferor”; Copy C “For Filer.”
 - **Form 5498**—Copy B “For Participant”; Copy C “For Trustee or Issuer.”
 - **Form 5498-MSA**—Copy B “For Participant”; Copy C “For Trustee.”
 - **Form W-2G**—Copy 1 “For State Tax Department”; Copy B “Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return”; Copy C “For Winner’s Records”; Copy 2 “Attach this copy to your state income tax return, if required.”; Copy D “For Payer.”
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4.4.3 Perforations

Perforations are required between forms on all copies except Copy A to make separating the forms easier. (Copy A of Form W-2G may be perforated.)

Part 5
Additional Instructions for Substitute
Forms 1098, 1099, 5498, W-2G, and 1042-S

Section 5.1 — Paper Substitutes for Form 1042-S

5.1.1 Paper Substitutes

Paper substitutes of Copy A for Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, that totally conform to the specifications contained in this procedure may be privately printed without prior approval from the Internal Revenue Service. Proposed substitutes not conforming to these specifications must be submitted for consideration.

Note: *Copies B, C, D, and E of Form 1042-S may contain multiple income entries for the same recipient, i.e. multiple rows of the top boxes 1-8 of the Form.*

5.1.2 Time Frame For Submission of Form 1042-S

The request should be submitted by November 15 of the year prior to the year the form is to be used. This is to allow the Service adequate time to respond and the submitter adequate time to make any corrections. These requests should contain a copy of the proposed form, the need for the specific deviation(s), and the number of information returns to be printed.

5.1.3 Revisions

Form 1042-S is subject to annual review and possible change. Withholding agents and form suppliers are cautioned against overstocking supplies of the privately printed substitutes.

5.1.4 Obtaining Copies

Copies of the official form for the reporting year may be obtained from most Service offices. The Service provides only cut sheets (no carbon interleaves) of these forms. Continuous fan-fold/pinned forms are not provided.

5.1.5 Instructions For Withholding Agents

Instructions for withholding agents:

- Only original copies may be filed with the Service. Carbon copies and reproductions are not acceptable.
 - The term "Recipient's U.S. TIN" for an individual means the social security number (SSN) or IRS individual taxpayer identification number (ITIN), consisting of nine digits separated by hyphens as follows: 000-00-0000. For all other recipients, the term means employer identification number (EIN) or qualified intermediary employer identification number (QI-EIN). The EIN and QI-EIN consist of nine digits separated by a hyphen as follows: 00-0000000. The taxpayer identification number (TIN) must be in one of these formats.
 - Withholding agents are requested to type or machine print whenever possible, provide quality data entries on the forms (that is, use black ribbon and insert data in the middle of blocks well separated from other printing and guidelines), and take other measures to guarantee a clear, sharp image. Withholding agents are not required, however, to acquire special equipment solely for the purpose of preparing these forms.
 - The "VOID," "CORRECTED," and "PRO-RATA BASIS REPORTING" boxes must be printed at the top center of the form under the title and checked, if applicable.
 - Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single form before they are filed with the Service. The dimensions are found below. Computer cards are acceptable provided they meet all requirements regarding layout, content, and size.
-

5.1.6 Substitute Form 1042-S Format Requirements

Property	Substitute Form 1042-S Format Requirements
Printing	Privately printed substitute Forms 1042-S must be exact replicas of the official forms with respect to layout and content. Only the dimensions of the substitute form may differ. The Government Printing Office (GPO) symbol must be deleted. The exact dimensions are found below.
Box Entries	Only one item of income may be represented on the copy submitted to the Service (Copy A). Multiple income items may be used on copies provided to recipients only. All boxes appearing on the official form must be present on the substitute form, with appropriate captions.
Color and Quality of Ink	All printing must be in high quality non-gloss black ink. Bar codes should be free from picks and voids.
Typography	Type must be substantially identical in size and shape to corresponding type on the official form. All rules on the document are either 1 point (0.015") or 3 point (0.045"). Vertical rules must be parallel to the left edge of the document; horizontal rules must be parallel to the top edge.
Carbons	Carbonized forms or "spot carbons" are not permissible. Interleaved carbons, if used, must be of good quality to preclude smudging and should be black.
Assembly	If all five parts are present, the parts of the assembly shall be arranged from top to bottom as follows: Copy A (Original) "For Internal Revenue Service," Copies B, C, and D "For Recipient," and Copy E "For Withholding Agent."
Color Quality of Paper	<ul style="list-style-type: none"> Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22-500), plus or minus 5 percent; or offset book paper, 50 pound (basis 25 x 38-500). No optical brighteners may be added to the pulp or paper during manufacture. The paper must consist of principally bleach chemical wood pulp or recycled printed paper. It also must be suitably sized to accept ink without feathering. Copies B, C, D (for Recipient), and E (For Withholding Agent) are provided in the official assembly solely for the convenience of the withholding agent. Withholding agents may choose the format, design, color, and quality of the paper used for these copies.
Dimensions	<ul style="list-style-type: none"> The official form is 8 inches wide x 5½ inches deep, exclusive of a ½ snap stub on the left side of the form. The snap feature is not required on substitutes. The width of a substitute Copy A must be a minimum of 7 inches and a maximum of 8 inches, although adherence to the size of the official form is preferred. If the width of substitute Copy A is reduced from that of the official form, the width of each field on the substitute form must be reduced proportionately. The left margin must be ½ inch and free of all printing other than that shown on the official form. The depth of a substitute Copy A must be a minimum of 5 1/6 inches and a maximum of 5½ inches.
Other Copies	Copies B, C, and D must be furnished for the convenience of payees who must send a copy of the form with other Federal and State returns they file. Copy E may be used as a withholding agent's record/copy.

Section 5.2 — OMB Requirements for All Forms in This Revenue Procedure

5.2.1 OMB Requirements

The Paperwork Reduction Act (the Act) of 1995 (Public Law 104-13) requires that:

- The OMB approves all IRS tax forms that are subject to the Act.
- Each IRS form contains (in or near the upper right corner) the OMB approval number, if any. (The official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in the exhibits in **Part 6**.)

- Each IRS form (or its instructions) states:
 1. Why the IRS needs the information,
 2. How it will be used, and
 3. Whether or not the information is required to be furnished to the IRS.

This information must be provided to any users of official or substitute IRS forms or instructions.

5.2.2 Substitute Form Requirements

The OMB requirements for substitute IRS forms are:

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official IRS form.
- For Copy A, the OMB number must appear exactly as shown on the official IRS form.
- For any copy other than Copy A, the OMB number must use one of the following formats.
 1. OMB No. XXXX-XXXX (preferred) or
 2. OMB # XXXX-XXXX (acceptable).

5.2.3 Required Explanation to Users

All substitute forms (**Copy A only**) must state “For Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.**” (or “For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.” for Copy A of Form 1042-S).

If no instructions are provided to users of your forms, you must furnish them with the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 5.3 — Reproducible Copies of Forms

5.3.1 Introduction

You can order official IRS forms and information copies of federal tax materials by calling the IRS Distribution Center at 1-800-829-3676. Other ways to get federal tax material include:

- The Internet.
- CD-ROM.
- GPO Superintendent of Documents Bookstores.

Note: *Several IRS forms are provided electronically on the IRS home page and on the Federal Tax Forms CD-ROM, but Copy A of Forms 1096, the 1098 series, 1099 series, and 5498 series cannot be used for filing with the IRS when printed from a conventional printer. These forms contain drop-out ink requirements as described in Part 2 of this publication.*

5.3.2 Internet

You can download tax materials from the Internet.

You Can Access the Internet by...	Using...
File Transfer Protocol (FTP)	ftp.irs.gov
World Wide Web	www.irs.gov

5.3.3 IRS Federal Tax Forms CD-ROM

The IRS also offers an alternative to downloading electronic files and provides current and prior-year access to tax forms and instructions through its Federal Tax Forms CD-ROM. The CD, **Pub. 1796**, Federal Tax Products on CD-ROM, will be available for the upcoming filing season. You may buy the CD-ROM on the Internet at www.irs.gov/cdorders or by calling 1-877-CDFORMS (1-877-233-6767).

5.3.4 GPO Supt. of Documents Bookstores

The Government Printing Office (GPO) Superintendent of Documents Bookstores also sell individual copies of tax forms, instructions, and publications.

Section 5.4 — Effect on Other Revenue Procedures

5.4.1 Other Revenue Procedures

Revenue Procedure 2001–50, 2001–45 I.R.B 437, which provides rules and specifications for private printing of 2001 substitute forms and statements to recipients, is superseded.

Part 6 Exhibits

Section 6.1 — Exhibits of Forms in the Revenue Procedure

6.1.1 Purpose

Exhibits A through V illustrate some of the specifications that were discussed earlier in this revenue procedure. The dimensions apply to the actual size forms, but the exhibits have been reduced in size.

Generally, the illustrated dimensions apply to all like forms. For example, Exhibit B shows 11.00” from the top edge to the bottom edge of Form 1098 and .85” between the bottom rule of the top form and the top rule of the second form on the page. These dimensions apply to all forms that are printed three to a page.

6.1.2 Guidelines

Keep in mind the following guidelines when printing substitute forms.

- Closely follow the specifications to avoid delays in processing the forms.
- Always use the specifications as outlined in this revenue procedure and illustrated in the exhibits.
- Do not add the text line “Do Not Cut or Separate Forms on This Page” to the bottom form. This will cause inconsistency with the specifications.

Exhibit A

Do Not Staple **6969**

Form **1096**
Department of the Treasury
Internal Revenue Service

**Annual Summary and Transmittal of
U.S. Information Returns**

OMB No. 1545-0108
2002

FILER'S name

Street address (including room or suite number)

City, state, and ZIP code

Name of person to contact Telephone number ()

Fax number () E-mail address

For Official Use Only

1 Employer identification number 2 Social security number 3 Total number of forms 4 Federal income tax withheld 5 Total amount reported with this Form 1096

Enter an "X" in only one box below to indicate the type of form being filed. If this is your final return, enter an "X" here

W-2G 32	1098 81	1098-E 84	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-DIV 91	1099-G 86	1099-INT 92	1099-LTC 93	1099-MISC 95	1099-MSA 94	1099-OID 96
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-PATR 97	1099-Q 31	1099-R 98	1099-S 75	5498 28	5498-MSA 27								
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>								

Please return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

Instructions

Purpose of form. Use this form to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. Do not use Form 1096 to transmit magnetic media. See Form 4804, Transmittal of Information Returns Reported Magnetically.

Who must file. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1099, 1098, 5498, or W-2G. A filer includes a payer, a recipient of mortgage interest payments (including points) or student loan interest, an educational institution, a broker, a barter exchange, a creditor, a person reporting real estate transactions, a trustee or issuer of any individual retirement arrangement or an Archer MSA (including a Medicare+Choice MSA), and a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

Preaddressed Form 1096. If you received a preaddressed Form 1096 from the IRS with Package 1099, use it to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. If any of the imprinted information is incorrect, make corrections on the form.

Note: You will no longer receive an IRS-prepared label with your Package 1099.

If you are not using a preaddressed form, enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.

When to file. File Form 1096 with Forms 1099, 1098, or W-2G by February 28, 2003. File Form 1096 with Forms 5498 by June 2, 2003.

Where To File

Send all information returns filed on paper with Form 1096 to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in	Use the following Internal Revenue Service Center address
Alabama, Arizona, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Texas, Virginia	Austin, TX 73301
Arkansas, Connecticut, Delaware, Kentucky, Maine, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, West Virginia	Cincinnati, OH 45999
Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Wisconsin	Kansas City, MO 64999

For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Cat. No. 144000 Form 1096 (2002)

Exhibit B

8181 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 2002 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name		2 Points paid on purchase of principal residence	
Street address (including apt. no.)		3 Refund of overpaid interest	
City, state, and ZIP code		4	
Account number (optional)		\$	
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page	
8181 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 2002 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name		2 Points paid on purchase of principal residence	
Street address (including apt. no.)		3 Refund of overpaid interest	
City, state, and ZIP code		4	
Account number (optional)		\$	
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page	
8181 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 2002 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name		2 Points paid on purchase of principal residence	
Street address (including apt. no.)		3 Refund of overpaid interest	
City, state, and ZIP code		4	
Account number (optional)		\$	
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page	

Exhibit C

8484 VOID CORRECTED

RECIPIENT'S/LENDER'S name, address, and telephone number		OMB No. 1545-1576 2002 Form 1098-E	Student Loan Interest Statement
RECIPIENT'S Federal identification no.	BORROWER'S social security number	1 Student loan interest received by lender \$ 2.60*	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
BORROWER'S name			
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			
		2 Check if box 1 includes loan origination fees and/or capitalized interest <input type="checkbox"/>	

Form 1098-E Cat. No. 25088U Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

8484 VOID CORRECTED

RECIPIENT'S/LENDER'S name, address, and telephone number		OMB No. 1545-1576 2002 Form 1098-E	Student Loan Interest Statement
RECIPIENT'S Federal identification no.	BORROWER'S social security number	1 Student loan interest received by lender \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
BORROWER'S name			
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			
		2 Check if box 1 includes loan origination fees and/or capitalized interest <input type="checkbox"/>	

Form 1098-E Cat. No. 25088U Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

8484 VOID CORRECTED

RECIPIENT'S/LENDER'S name, address, and telephone number		OMB No. 1545-1576 2002 Form 1098-E	Student Loan Interest Statement
RECIPIENT'S Federal identification no.	BORROWER'S social security number	1 Student loan interest received by lender \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
BORROWER'S name			
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			
		2 Check if box 1 includes loan origination fees and/or capitalized interest <input type="checkbox"/>	

Form 1098-E Cat. No. 25088U Department of the Treasury - Internal Revenue Service

Exhibit D

8383 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		6.30"		
FILER'S name, street address, city, state, ZIP code, and telephone number		1 Payments received for qualified tuition and related expenses \$	OMB No. 1545-1574 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1098-T	Tuition Payments Statement
FILER'S Federal identification no.	STUDENT'S social security number	2 Amounts billed for qualified tuition and related expenses \$	3 Adjustments made for a prior year \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
STUDENT'S name		4 Scholarships or grants \$	5 Adjustments to scholarships or grants for a prior year \$	
Street address (including apt. no.)		6 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 2003 <input type="checkbox"/>	7 Reimbursements or refunds of qualified tuition and related expenses from insurance contract \$	
City, state, and ZIP code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>	
Account number (optional)				
Form 1098-T Cat. No. 25087J Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page		

8383 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		6.30"		
FILER'S name, street address, city, state, ZIP code, and telephone number		1 Payments received for qualified tuition and related expenses \$	OMB No. 1545-1574 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1098-T	Tuition Payments Statement
FILER'S Federal identification no.	STUDENT'S social security number	2 Amounts billed for qualified tuition and related expenses \$	3 Adjustments made for a prior year \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
STUDENT'S name		4 Scholarships or grants \$	5 Adjustments to scholarships or grants for a prior year \$	
Street address (including apt. no.)		6 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 2003 <input type="checkbox"/>	7 Reimbursements or refunds of qualified tuition and related expenses from insurance contract \$	
City, state, and ZIP code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>	
Account number (optional)				
Form 1098-T Cat. No. 25087J Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page		

8383 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		6.30"		
FILER'S name, street address, city, state, ZIP code, and telephone number		1 Payments received for qualified tuition and related expenses \$	OMB No. 1545-1574 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1098-T	Tuition Payments Statement
FILER'S Federal identification no.	STUDENT'S social security number	2 Amounts billed for qualified tuition and related expenses \$	3 Adjustments made for a prior year \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
STUDENT'S name		4 Scholarships or grants \$	5 Adjustments to scholarships or grants for a prior year \$	
Street address (including apt. no.)		6 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January-March 2003 <input type="checkbox"/>	7 Reimbursements or refunds of qualified tuition and related expenses from insurance contract \$	
City, state, and ZIP code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>	
Account number (optional)				
Form 1098-T Cat. No. 25087J Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page		

Exhibit E

8080 VOID CORRECTED

LENDER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-0677 2002 Form 1099-A	Acquisition or Abandonment of Secured Property
LENDER'S Federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment:	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 Was borrower personally liable for repayment of the debt? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
City, state, and ZIP code		6 Description of property	
Account number (optional)			

Copy A
 For Internal Revenue Service Center
 File with Form 1096.
 For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-A Cat. No. 14412G Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

8080 VOID CORRECTED

LENDER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-0677 2002 Form 1099-A	Acquisition or Abandonment of Secured Property
LENDER'S Federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment:	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 Was borrower personally liable for repayment of the debt? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
City, state, and ZIP code		6 Description of property	
Account number (optional)			

Copy A
 For Internal Revenue Service Center
 File with Form 1096.
 For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-A Cat. No. 14412G Department of the Treasury - Internal Revenue Service

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8080 VOID CORRECTED

LENDER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-0677 2002 Form 1099-A	Acquisition or Abandonment of Secured Property
LENDER'S Federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment:	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 Was borrower personally liable for repayment of the debt? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
City, state, and ZIP code		6 Description of property	
Account number (optional)			

Copy A
 For Internal Revenue Service Center
 File with Form 1096.
 For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-A Cat. No. 14412G Department of the Treasury - Internal Revenue Service

Form 1099-A Cat. No. 14412G Department of the Treasury - Internal Revenue Service

Exhibit F

7979 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0715		2002 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	1b CUSIP no.		
PAYER'S Federal identification number RECIPIENT'S identification number		2 Stocks, bonds, etc. \$	3 Bartering \$	4 Federal income tax withheld \$ 3.90	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description Regulated Futures Contracts			
Street address (including apt. no.)		6 Profit or (loss) realized in 2002 \$ 1.40	7 Unrealized profit or (loss) on open contracts—12/31/2001 \$ 1.40		
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/2002 \$	9 Aggregate profit or (loss) \$ 4.15		
Account number (optional)	2nd TIN not <input type="checkbox"/>				
		Form 1099-B Cat. No. 14411V Department of the Treasury - Internal Revenue Service			
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					

7979 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0715		2002 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	1b CUSIP no.		
PAYER'S Federal identification number RECIPIENT'S identification number		2 Stocks, bonds, etc. \$	3 Bartering \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description Regulated Futures Contracts			
Street address (including apt. no.)		6 Profit or (loss) realized in 2002 \$	7 Unrealized profit or (loss) on open contracts—12/31/2001 \$		
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/2002 \$	9 Aggregate profit or (loss) \$		
Account number (optional)	2nd TIN not <input type="checkbox"/>				
		Form 1099-B Cat. No. 14411V Department of the Treasury - Internal Revenue Service			
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					

7979 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0715		2002 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	1b CUSIP no.		
PAYER'S Federal identification number RECIPIENT'S identification number		2 Stocks, bonds, etc. \$	3 Bartering \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description Regulated Futures Contracts			
Street address (including apt. no.)		6 Profit or (loss) realized in 2002 \$	7 Unrealized profit or (loss) on open contracts—12/31/2001 \$		
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/2002 \$	9 Aggregate profit or (loss) \$		
Account number (optional)	2nd TIN not <input type="checkbox"/>				
		Form 1099-B Cat. No. 14411V Department of the Treasury - Internal Revenue Service			
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					

Exhibit G

8585 VOID CORRECTED

OMB No. 1545-1424

2002

Form 1099-C

**Cancellation
of Debt**

CREDITOR'S name, street address, city, state, and ZIP code							
CREDITOR'S Federal identification number	DEBTOR'S identification number	1 Date canceled	2 Amount of debt canceled	<p>Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</p>			
		1.40"	1.40"				
DEBTOR'S name		3 Interest if included in box 2					
		3.40"					
Street address (including apt. no.)		5 Debt description					
City, state, and ZIP code							
Account number (optional)		6 Check for bankruptcy		7 Fair market value of property			
		<input type="checkbox"/>		\$			

Form 1099-C

Cat. No. 26280W

Department of the Treasury - Internal Revenue Service

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8585 VOID CORRECTED

OMB No. 1545-1424

2002

Form 1099-C

**Cancellation
of Debt**

CREDITOR'S name, street address, city, state, and ZIP code							
CREDITOR'S Federal identification number	DEBTOR'S identification number	1 Date canceled	2 Amount of debt canceled	<p>Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</p>			
		\$					
DEBTOR'S name		3 Interest if included in box 2					
		\$					
Street address (including apt. no.)		5 Debt description					
City, state, and ZIP code							
Account number (optional)		6 Check for bankruptcy		7 Fair market value of property			
		<input type="checkbox"/>		\$			

Form 1099-C

Cat. No. 26280W

Department of the Treasury - Internal Revenue Service

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8585 VOID CORRECTED

OMB No. 1545-1424

2002

Form 1099-C

**Cancellation
of Debt**

CREDITOR'S name, street address, city, state, and ZIP code							
CREDITOR'S Federal identification number	DEBTOR'S identification number	1 Date canceled	2 Amount of debt canceled	<p>Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</p>			
		\$					
DEBTOR'S name		3 Interest if included in box 2					
		\$					
Street address (including apt. no.)		5 Debt description					
City, state, and ZIP code							
Account number (optional)		6 Check for bankruptcy		7 Fair market value of property			
		<input type="checkbox"/>		\$			

Form 1099-C

Cat. No. 26280W

Department of the Treasury - Internal Revenue Service

Exhibit H

9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	<div style="font-size: 2em; font-weight: bold;">2002</div>	<div style="font-weight: bold;">Form 1099-DIV</div>
		2a Total capital gain distr.		
		2b 28% rate gain		
PAYER'S Federal identification number		2c Qualified 5-year gain	2d Unrecap. sec. 1250 gain	<div style="font-weight: bold;">Copy A</div> <div style="font-weight: bold;">For Internal Revenue Service Center</div> <div style="font-weight: bold;">File with Form 1099.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</div>
RECIPIENT'S identification number		2e Section 1202 gain	3 Nontaxable distributions	
RECIPIENT'S name		4 Federal income tax withheld	5 Investment expenses	
Street address (including apt. no.)		6 Foreign tax paid	7 Foreign country or U.S. possession	
City, state, and ZIP code		8 Cash liquidation distr.	9 Noncash liquidation distr.	
Account number (optional)		2nd TIN not <input type="checkbox"/>	<div style="font-weight: bold;">Form 1099-DIV</div> <div style="font-size: 0.8em;">Cat. No. 14415N Department of the Treasury - Internal Revenue Service</div>	

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9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	<div style="font-size: 2em; font-weight: bold;">2002</div>	<div style="font-weight: bold;">Form 1099-DIV</div>
		2a Total capital gain distr.		
		2b 28% rate gain		
PAYER'S Federal identification number		2c Qualified 5-year gain	2d Unrecap. sec. 1250 gain	<div style="font-weight: bold;">Copy A</div> <div style="font-weight: bold;">For Internal Revenue Service Center</div> <div style="font-weight: bold;">File with Form 1099.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</div>
RECIPIENT'S identification number		2e Section 1202 gain	3 Nontaxable distributions	
RECIPIENT'S name		4 Federal income tax withheld	5 Investment expenses	
Street address (including apt. no.)		6 Foreign tax paid	7 Foreign country or U.S. possession	
City, state, and ZIP code		8 Cash liquidation distr.	9 Noncash liquidation distr.	
Account number (optional)		2nd TIN not <input type="checkbox"/>	<div style="font-weight: bold;">Form 1099-DIV</div> <div style="font-size: 0.8em;">Cat. No. 14415N Department of the Treasury - Internal Revenue Service</div>	

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9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	<div style="font-size: 2em; font-weight: bold;">2002</div>	<div style="font-weight: bold;">Form 1099-DIV</div>
		2a Total capital gain distr.		
		2b 28% rate gain		
PAYER'S Federal identification number		2c Qualified 5-year gain	2d Unrecap. sec. 1250 gain	<div style="font-weight: bold;">Copy A</div> <div style="font-weight: bold;">For Internal Revenue Service Center</div> <div style="font-weight: bold;">File with Form 1099.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</div>
RECIPIENT'S identification number		2e Section 1202 gain	3 Nontaxable distributions	
RECIPIENT'S name		4 Federal income tax withheld	5 Investment expenses	
Street address (including apt. no.)		6 Foreign tax paid	7 Foreign country or U.S. possession	
City, state, and ZIP code		8 Cash liquidation distr.	9 Noncash liquidation distr.	
Account number (optional)		2nd TIN not <input type="checkbox"/>	<div style="font-weight: bold;">Form 1099-DIV</div> <div style="font-size: 0.8em;">Cat. No. 14415N Department of the Treasury - Internal Revenue Service</div>	

Exhibit I

8888 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S name, street address, city, state, ZIP code, and telephone no.	1 Unemployment compensation \$ 1.40 2 State or local income tax refunds, credits, or offsets \$	OMB No. 1545-0120 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1099-G	Certain Government Payments
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Box 2 amount is for tax year	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		5	6 Taxable grants \$		
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>		
City, state, and ZIP code					
Account number (optional)					

Form **1099-G** Cat. No. 14438M Department of the Treasury - Internal Revenue Service

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8888 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S name, street address, city, state, ZIP code, and telephone no.	1 Unemployment compensation \$ 2 State or local income tax refunds, credits, or offsets \$	OMB No. 1545-0120 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1099-G	Certain Government Payments
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Box 2 amount is for tax year	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		5	6 Taxable grants \$		
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>		
City, state, and ZIP code					
Account number (optional)					

Form **1099-G** Cat. No. 14438M Department of the Treasury - Internal Revenue Service

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8888 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S name, street address, city, state, ZIP code, and telephone no.	1 Unemployment compensation \$ 2 State or local income tax refunds, credits, or offsets \$	OMB No. 1545-0120 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1099-G	Certain Government Payments
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Box 2 amount is for tax year	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		5	6 Taxable grants \$		
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>		
City, state, and ZIP code					
Account number (optional)					

Form **1099-G** Cat. No. 14438M Department of the Treasury - Internal Revenue Service

Exhibit J

9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	2002 Interest Income Form 1099-INT
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
Account number (optional)	2nd TIN not. <input type="checkbox"/>			

Form 1099-INT Cat. No. 14410K Department of the Treasury - Internal Revenue Service

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9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	2002 Interest Income Form 1099-INT
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
Account number (optional)	2nd TIN not. <input type="checkbox"/>			

Form 1099-INT Cat. No. 14410K Department of the Treasury - Internal Revenue Service

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9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	2002 Interest Income Form 1099-INT
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
Account number (optional)	2nd TIN not. <input type="checkbox"/>			

Form 1099-INT Cat. No. 14410K Department of the Treasury - Internal Revenue Service

Exhibit K

9393 ← <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED → 4.50"				OMB No. 1545-1519			
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	2002	Long-Term Care and Accelerated Death Benefits			
		\$					
		2 Accelerated death benefits paid		Form 1099-LTC			
		\$					
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.			
POLICYHOLDER'S name		INSURED'S name					
Street address (including apt. no.)		Street address (including apt. no.)					
City, state, and ZIP code		City, state, and ZIP code					
Account number (optional)	4 Qualified contract <input type="checkbox"/> (optional)	5 Check, if applicable: <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified				
Form 1099-LTC		Cat. No. 23021Z		Department of the Treasury - Internal Revenue Service			
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9393		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED					
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	2002	Long-Term Care and Accelerated Death Benefits			
		\$					
		2 Accelerated death benefits paid		Form 1099-LTC			
		\$					
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.			
POLICYHOLDER'S name		INSURED'S name					
Street address (including apt. no.)		Street address (including apt. no.)					
City, state, and ZIP code		City, state, and ZIP code					
Account number (optional)	4 Qualified contract <input type="checkbox"/> (optional)	5 Check, if applicable: <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified				
Form 1099-LTC		Cat. No. 23021Z		Department of the Treasury - Internal Revenue Service			
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9393		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED					
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	2002	Long-Term Care and Accelerated Death Benefits			
		\$					
		2 Accelerated death benefits paid		Form 1099-LTC			
		\$					
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.			
POLICYHOLDER'S name		INSURED'S name					
Street address (including apt. no.)		Street address (including apt. no.)					
City, state, and ZIP code		City, state, and ZIP code					
Account number (optional)	4 Qualified contract <input type="checkbox"/> (optional)	5 Check, if applicable: <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified				
Form 1099-LTC		Cat. No. 23021Z		Department of the Treasury - Internal Revenue Service			

Exhibit L

9595 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1	Rents	OMB No. 1545-0115 2002 Form 1099-MISC	Miscellaneous Income				
		2	Royalties						
PAYER'S Federal identification number		RECIPIENT'S identification number		3	Other income	4	Federal income tax withheld	Copy A For Internal Revenue Service Center File with Form 1096.	
RECIPIENT'S name		Street address (including apt. no.)		5	Fishing boat proceeds	6	Medical and health care payments		
City, state, and ZIP code		Account number (optional)		2nd TIN not		7	Nonemployee compensation	8	Substitute payments in lieu of dividends or interest
15		16 State tax withheld		17 State/Payer's state no.		18 State income		For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
Form 1099-MISC		Cat. No. 14425J		Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page			

9595 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1	Rents	OMB No. 1545-0115 2002 Form 1099-MISC	Miscellaneous Income				
		2	Royalties						
PAYER'S Federal identification number		RECIPIENT'S identification number		3	Other income	4	Federal income tax withheld	Copy A For Internal Revenue Service Center File with Form 1096.	
RECIPIENT'S name		Street address (including apt. no.)		5	Fishing boat proceeds	6	Medical and health care payments		
City, state, and ZIP code		Account number (optional)		2nd TIN not		7	Nonemployee compensation	8	Substitute payments in lieu of dividends or interest
15		16 State tax withheld		17 State/Payer's state no.		18 State income		For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
Form 1099-MISC		Cat. No. 14425J		Department of the Treasury - Internal Revenue Service		Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page			

Exhibit M

9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 2002 <small>Form 1099-MSA</small> </div>		Distributions From an Archer MSA or Medicare+Choice MSA	
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____		Copy A For Internal Revenue Service Center File with Form 1096. <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
RECIPIENT'S name		3 Distribution code	4 FMV on date of death \$ _____		
Street address (including apt. no.)		5 Medicare+Choice MSA <input type="checkbox"/>			
City, state, and ZIP code					
Account number (optional)					

Form 1099-MSA Cat. No. 23114L Department of the Treasury - Internal Revenue Service

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9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 2002 <small>Form 1099-MSA</small> </div>		Distributions From an Archer MSA or Medicare+Choice MSA	
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____		Copy A For Internal Revenue Service Center File with Form 1096. <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
RECIPIENT'S name		3 Distribution code	4 FMV on date of death \$ _____		
Street address (including apt. no.)		5 Medicare+Choice MSA <input type="checkbox"/>			
City, state, and ZIP code					
Account number (optional)					

Form 1099-MSA Cat. No. 23114L Department of the Treasury - Internal Revenue Service

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9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 2002 <small>Form 1099-MSA</small> </div>		Distributions From an Archer MSA or Medicare+Choice MSA	
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____		Copy A For Internal Revenue Service Center File with Form 1096. <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
RECIPIENT'S name		3 Distribution code	4 FMV on date of death \$ _____		
Street address (including apt. no.)		5 Medicare+Choice MSA <input type="checkbox"/>			
City, state, and ZIP code					
Account number (optional)					

Form 1099-MSA Cat. No. 23114L Department of the Treasury - Internal Revenue Service

Exhibit N

9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Original issue discount for 2002 \$ 1.40	OMB No. 1545-0117 2002 Form 1099-OID	Original Issue Discount
		2 Other periodic interest \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)		6 Original issue discount on U.S. Treasury obligations \$		
City, state, and ZIP code		7 Investment expenses \$		
Account number (optional)	2nd TIN not <input type="checkbox"/>			

Form 1099-OID Cat. No. 14421R Department of the Treasury - Internal Revenue Service

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9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Original issue discount for 2002 \$	OMB No. 1545-0117 2002 Form 1099-OID	Original Issue Discount
		2 Other periodic interest \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)		6 Original issue discount on U.S. Treasury obligations \$		
City, state, and ZIP code		7 Investment expenses \$		
Account number (optional)	2nd TIN not <input type="checkbox"/>			

Form 1099-OID Cat. No. 14421R Department of the Treasury - Internal Revenue Service

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9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Original issue discount for 2002 \$	OMB No. 1545-0117 2002 Form 1099-OID	Original Issue Discount
		2 Other periodic interest \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)		6 Original issue discount on U.S. Treasury obligations \$		
City, state, and ZIP code		7 Investment expenses \$		
Account number (optional)	2nd TIN not <input type="checkbox"/>			

Form 1099-OID Cat. No. 14421R Department of the Treasury - Internal Revenue Service

Exhibit O

9797 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Patronage dividends	OMB No. 1545-0118 2002 Form 1099-PATR
		2 Nonpatronage distributions	
		3 Per-unit retain allocations	
		\$ 1.40	
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations	
Street address (including apt. no.)		6	7 Investment credit
City, state, and ZIP code		8 Work opportunity credit	9 Patron's AMT adjustment
Account number (optional)	2nd TIN not.		

Taxable Distributions Received From Cooperatives

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-PATR Cat. No. 14435F Department of the Treasury - Internal Revenue Service

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9797 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Patronage dividends	OMB No. 1545-0118 2002 Form 1099-PATR
		2 Nonpatronage distributions	
		3 Per-unit retain allocations	
		\$	
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations	
Street address (including apt. no.)		6	7 Investment credit
City, state, and ZIP code		8 Work opportunity credit	9 Patron's AMT adjustment
Account number (optional)	2nd TIN not.		

Taxable Distributions Received From Cooperatives

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-PATR Cat. No. 14435F Department of the Treasury - Internal Revenue Service

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9797 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Patronage dividends	OMB No. 1545-0118 2002 Form 1099-PATR
		2 Nonpatronage distributions	
		3 Per-unit retain allocations	
		\$	
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations	
Street address (including apt. no.)		6	7 Investment credit
City, state, and ZIP code		8 Work opportunity credit	9 Patron's AMT adjustment
Account number (optional)	2nd TIN not.		

Taxable Distributions Received From Cooperatives

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-PATR Cat. No. 14435F Department of the Treasury - Internal Revenue Service

Exhibit P

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		4.5"	
PAYER'S name, street address, city, state, ZIP code, and telephone number		1 Gross distribution \$	OMB No. 1545-1760 2002 Form 1099-Q
		2 Earnings \$	
PAYER'S Federal identification no.	RECIPIENT'S social security number	3 Basis \$	4 Trustee-to-trustee rollover <input type="checkbox"/>
RECIPIENT'S name		5 Check one: Private <input type="checkbox"/> State <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			

Qualified Tuition Program Payments (Under Section 529)

Copy A
For Internal Revenue Service Center
File with Form 1099.

For Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.**

Form **1099-Q** Cat. No. 32223J Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		4.5"	
PAYER'S name, street address, city, state, ZIP code, and telephone number		1 Gross distribution \$	OMB No. 1545-1760 2002 Form 1099-Q
		2 Earnings \$	
PAYER'S Federal identification no.	RECIPIENT'S social security number	3 Basis \$	4 Trustee-to-trustee rollover <input type="checkbox"/>
RECIPIENT'S name		5 Check one: Private <input type="checkbox"/> State <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			

Qualified Tuition Program Payments (Under Section 529)

Copy A
For Internal Revenue Service Center
File with Form 1099.

For Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.**

Form **1099-Q** Cat. No. 32223J Department of the Treasury - Internal Revenue Service
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3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		4.5"	
PAYER'S name, street address, city, state, ZIP code, and telephone number		1 Gross distribution \$	OMB No. 1545-1760 2002 Form 1099-Q
		2 Earnings \$	
PAYER'S Federal identification no.	RECIPIENT'S social security number	3 Basis \$	4 Trustee-to-trustee rollover <input type="checkbox"/>
RECIPIENT'S name		5 Check one: Private <input type="checkbox"/> State <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>
Street address (including apt. no.)			
City, state, and ZIP code			
Account number (optional)			

Qualified Tuition Program Payments (Under Section 529)

Copy A
For Internal Revenue Service Center
File with Form 1099.

For Privacy Act and Paperwork Reduction Act Notice, see the **2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.**

Form **1099-Q** Cat. No. 32223J Department of the Treasury - Internal Revenue Service
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Exhibit Q

9898 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code 4.50"		1 Gross distribution \$ _____ 2a Taxable amount \$ _____		OMB No. 1545-0119 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/> ← 2.65" →		← 1.25" → Copy A For			
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$ _____	4 Federal income tax withheld \$ _____		Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.		
RECIPIENT'S name		5 Employee contributions or insurance premiums \$ _____	6 Net unrealized appreciation in employer's securities \$ _____				
Street address (including apt. no.)		7 Distribution code ← 1.00" →	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ _____	%	← 40" →	
City, state, and ZIP code		9a Your percentage of total distribution %		9b Total employee contributions \$		← 1.10" →	
Account number (optional)		10 State tax withheld \$ _____		11 State/Payer's state no.		12 State distribution \$ _____	
_____		13 Local tax withheld \$ _____		14 Name of locality		15 Local distribution \$ _____	

Form 1099-R Cat. No. 14436Q Department of the Treasury - Internal Revenue Service

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1.00"

9898 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$ _____ 2a Taxable amount \$ _____		OMB No. 1545-0119 <div style="font-size: 2em; font-weight: bold; text-align: center;">2002</div> Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		Copy A For Internal Revenue Service Center			
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$ _____	4 Federal income tax withheld \$ _____		Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.		
RECIPIENT'S name		6 Employee contributions or insurance premiums \$ _____	6 Net unrealized appreciation in employer's securities \$ _____				
Street address (including apt. no.)		7 Distribution code	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ _____	%	← 40" →	
City, state, and ZIP code		9a Your percentage of total distribution %		9b Total employee contributions \$		← 1.10" →	
Account number (optional)		10 State tax withheld \$ _____		11 State/Payer's state no.		12 State distribution \$ _____	
_____		13 Local tax withheld \$ _____		14 Name of locality		15 Local distribution \$ _____	

Form 1099-R Cat. No. 14436Q Department of the Treasury - Internal Revenue Service

Exhibit R

7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0997		2002 Form 1099-S	Proceeds From Real Estate Transactions
FILER'S name, street address, city, state, ZIP code, and telephone no.		1 Date of closing ← 1.40' →	2 Gross proceeds \$		
FILER'S Federal identification number ← 1.70' →	TRANSFEROR'S identification number ← 1.70' →	3 Address or legal description (including city, state, and ZIP code)		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
TRANSFEROR'S name		← 2.80' →			
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)		4 Check here if the transferor received or will receive property or services as part of the consideration. <input type="checkbox"/>	5 Buyer's part of real estate tax \$		
Form 1099-S		Cat. No. 64292E		Department of the Treasury - Internal Revenue Service	
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					
7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0997		2002 Form 1099-S	Proceeds From Real Estate Transactions
FILER'S name, street address, city, state, ZIP code, and telephone no.		1 Date of closing	2 Gross proceeds \$		
FILER'S Federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
TRANSFEROR'S name					
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)		4 Check here if the transferor received or will receive property or services as part of the consideration. <input type="checkbox"/>	5 Buyer's part of real estate tax \$		
Form 1099-S		Cat. No. 64292E		Department of the Treasury - Internal Revenue Service	
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					
7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0997		2002 Form 1099-S	Proceeds From Real Estate Transactions
FILER'S name, street address, city, state, ZIP code, and telephone no.		1 Date of closing	2 Gross proceeds \$		
FILER'S Federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
TRANSFEROR'S name					
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)		4 Check here if the transferor received or will receive property or services as part of the consideration. <input type="checkbox"/>	5 Buyer's part of real estate tax \$		
Form 1099-S		Cat. No. 64292E		Department of the Treasury - Internal Revenue Service	

Exhibit S

2528 VOID CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code		1 IRA contributions (other than amounts in boxes 2-4 and 8-11)	OMB No. 1545-0747 2002 Form 5498	IRA and Coverdell ESA Contribution Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		2 Rollover contributions			
TRUSTEE'S or ISSUER'S Federal identification no.	PARTICIPANT'S social security number	3 Roth IRA conversion amount	4 Recharacterized contributions		
PARTICIPANT'S name		5 Fair market value of account	6 Life insurance cost included in box 1		
Street address (including apt. no.)		7 IRA SEP SIMPLE Roth IRA Coverdell ESA <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	8 SEP contributions		9 SIMPLE contributions
City, state, and ZIP code		10 Roth IRA contributions	11 Coverdell ESA contributions		
Account number (optional)					

Form 5498 Cat. No. 50010C Department of the Treasury - Internal Revenue Service

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2528 VOID CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code		1 IRA contributions (other than amounts in boxes 2-4 and 8-11)	OMB No. 1545-0747 2002 Form 5498	IRA and Coverdell ESA Contribution Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		2 Rollover contributions			
TRUSTEE'S or ISSUER'S Federal identification no.	PARTICIPANT'S social security number	3 Roth IRA conversion amount	4 Recharacterized contributions		
PARTICIPANT'S name		5 Fair market value of account	6 Life insurance cost included in box 1		
Street address (including apt. no.)		7 IRA SEP SIMPLE Roth IRA Coverdell ESA <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	8 SEP contributions		9 SIMPLE contributions
City, state, and ZIP code		10 Roth IRA contributions	11 Coverdell ESA contributions		
Account number (optional)					

Form 5498 Cat. No. 50010C Department of the Treasury - Internal Revenue Service

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2528 VOID CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code		1 IRA contributions (other than amounts in boxes 2-4 and 8-11)	OMB No. 1545-0747 2002 Form 5498	IRA and Coverdell ESA Contribution Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.	
		2 Rollover contributions			
TRUSTEE'S or ISSUER'S Federal identification no.	PARTICIPANT'S social security number	3 Roth IRA conversion amount	4 Recharacterized contributions		
PARTICIPANT'S name		5 Fair market value of account	6 Life insurance cost included in box 1		
Street address (including apt. no.)		7 IRA SEP SIMPLE Roth IRA Coverdell ESA <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	8 SEP contributions		9 SIMPLE contributions
City, state, and ZIP code		10 Roth IRA contributions	11 Coverdell ESA contributions		
Account number (optional)					

Form 5498 Cat. No. 50010C Department of the Treasury - Internal Revenue Service

Exhibit T

2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's Archer MSA contributions made in 2002 and 2003 for 2002	OMB No. 1545-151B 2002 Form 5498-MSA	Archer MSA or Medicare+Choice MSA Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
		2 Total contributions made in 2002		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total Archer MSA contributions made in 2003 for 2002		
PARTICIPANT'S name		4 Rollover contributions	5 Fair market value of Archer MSA or M+C MSA	
Street address (including apt. no.)		6 Medicare+Choice MSA <input type="checkbox"/>		
City, state, and ZIP code		Account number (optional)		

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

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2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's Archer MSA contributions made in 2002 and 2003 for 2002	OMB No. 1545-151B 2002 Form 5498-MSA	Archer MSA or Medicare+Choice MSA Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
		2 Total contributions made in 2002		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total Archer MSA contributions made in 2003 for 2002		
PARTICIPANT'S name		4 Rollover contributions	5 Fair market value of Archer MSA or M+C MSA	
Street address (including apt. no.)		6 Medicare+Choice MSA <input type="checkbox"/>		
City, state, and ZIP code		Account number (optional)		

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

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2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's Archer MSA contributions made in 2002 and 2003 for 2002	OMB No. 1545-151B 2002 Form 5498-MSA	Archer MSA or Medicare+Choice MSA Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.
		2 Total contributions made in 2002		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total Archer MSA contributions made in 2003 for 2002		
PARTICIPANT'S name		4 Rollover contributions	5 Fair market value of Archer MSA or M+C MSA	
Street address (including apt. no.)		6 Medicare+Choice MSA <input type="checkbox"/>		
City, state, and ZIP code		Account number (optional)		

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

Exhibit U

3238232 CORRECTED

PAYER'S name Street address City, state, and ZIP code Federal identification number Telephone number	1 Gross winnings 2 Federal income tax withheld 3 Type of wager 4 Date won 5 Transaction 6 Race 7 Winnings from identical wagers 8 Cashier
WINNER'S name Street address (including apt. no.) City, state, and ZIP code	9 Winner's taxpayer identification no. 10 Window 11 First I.D. 12 Second I.D. 13 State/Payer's state identification no. 14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.	
Signature ►	Date ►

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

OMB No. 1545-0238

2002

Form W-2G

Certain Gambling Winnings

For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

File with Form 1096.

Copy A
For Internal Revenue Service Center

3238232 CORRECTED

PAYER'S name Street address City, state, and ZIP code Federal identification number Telephone number	1 Gross winnings 2 Federal income tax withheld 3 Type of wager 4 Date won 5 Transaction 6 Race 7 Winnings from identical wagers 8 Cashier
WINNER'S name Street address (including apt. no.) City, state, and ZIP code	9 Winner's taxpayer identification no. 10 Window 11 First I.D. 12 Second I.D. 13 State/Payer's state identification no. 14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.	
Signature ►	Date ►

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

OMB No. 1545-0238

2002

Form W-2G

Certain Gambling Winnings

For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

File with Form 1096.

Copy A
For Internal Revenue Service Center

3238232 CORRECTED

PAYER'S name Street address City, state, and ZIP code Federal identification number Telephone number	1 Gross winnings 2 Federal income tax withheld 3 Type of wager 4 Date won 5 Transaction 6 Race 7 Winnings from identical wagers 8 Cashier
WINNER'S name Street address (including apt. no.) City, state, and ZIP code	9 Winner's taxpayer identification no. 10 Window 11 First I.D. 12 Second I.D. 13 State/Payer's state identification no. 14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.	
Signature ►	Date ►

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

OMB No. 1545-0238

2002

Form W-2G

Certain Gambling Winnings

For Privacy Act and Paperwork Reduction Act Notice, see the 2002 General Instructions for Forms 1099, 1098, 5498, and W-2G.

File with Form 1096.

Copy A
For Internal Revenue Service Center

Exhibit V

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding			2002		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		<input type="checkbox"/> PRO-RATA BASIS REPORTING		Copy A for Internal Revenue Service		
1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient	
9 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
10 WITHHOLDING AGENT'S name and address (including ZIP code)				15 Recipient's country of residence for tax purposes			16 Country code	
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name			18 Country code	
11 Recipient's account number (optional)				12 Recipient code				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				19 NQI's/Flow-through entity's address				
				20 NQI's/Flow-through entity's TIN, if any ▶				
				21 PAYER'S name and TIN (if different from withholding agent's)				
22 State income tax withheld			23 Payer's state tax no.		24 Name of state			

For Privacy Act and Paperwork Reduction Act Notice, see page 15 of the separate instructions. Cat. No. 11386R Form **1042-S** (2002)

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding			2002		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		<input type="checkbox"/> PRO-RATA BASIS REPORTING		Copy A for Internal Revenue Service		
1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient	
9 Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				14 Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
10 WITHHOLDING AGENT'S name and address (including ZIP code)				15 Recipient's country of residence for tax purposes			16 Country code	
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name			18 Country code	
11 Recipient's account number (optional)				12 Recipient code				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				19 NQI's/Flow-through entity's address				
				20 NQI's/Flow-through entity's TIN, if any ▶				
				21 PAYER'S name and TIN (if different from withholding agent's)				
22 State income tax withheld			23 Payer's state tax no.		24 Name of state			

For Privacy Act and Paperwork Reduction Act Notice, see page 15 of the separate instructions. Cat. No. 11386R Form **1042-S** (2002)

Rev. Proc. 2002-59

SECTION 1. PURPOSE

This revenue procedure provides guidance under § 7701 of the Internal Revenue Code for an entity newly formed under local law that requests relief for a late initial classification election filed by the due date of the entity's first federal tax return (excluding extensions).

SECTION 2. BACKGROUND

.01 Section 7701 provides definitions for business entities and their owners for federal tax purposes.

.02 Section 301.7701-1(a) of the Procedure and Administration Regulations provides general rules for the classification of various organizations for federal tax purposes. Whether an organization is an entity separate from its owners for federal tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law. Section 301.7701-1(b) provides that the classification of organizations that are recognized as separate entities is determined under § 301.7701-2, § 301.7701-3, and § 301.7701-4 unless a provision of the Code provides for special treatment of that organization.

.03 Section 301.7701-2(a) provides that a business entity is any entity recognized for federal tax purposes (including an entity with a single owner that may be disregarded as an entity separate from its owner) that is not properly classified as a trust or otherwise subject to special treatment under the Code. A business entity with two or more members is classified for federal tax purposes as either a corporation or a partnership. A business entity with only one owner is classified as a corporation or is disregarded as an entity separate from its owner. Section 301.7701-2(b) sets forth those business entities that are considered corporations for federal tax purposes.

.04 Section 301.7701-3 provides that a business entity not classified as a corporation under § 301.7701-2(b)(1), (3), (4),

(5), (6), (7), or (8) (an eligible entity) is able to choose its classification for federal tax purposes. Under § 301.7701-3(b)(1) a domestic eligible entity is, in the absence of an election otherwise, a partnership if it has two or more members, and disregarded as an entity separate from its owner if it has a single owner. Section 301.7701-3(b)(2) provides generally that, in the absence of an election otherwise, a foreign eligible entity is (a) a partnership if it has two or more members and at least one member does not have limited liability, (b) an association if all its members have limited liability, or (c) disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

.05 Section 301.7701-3(c)(1)(i) provides generally that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b), or to change its classification, by filing Form 8832, *Entity Classification Election*, with the service center designated on Form 8832. Section 301.7701-3(c)(1)(iii) provides that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no date is specified on the election form. The effective date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed. If an election specifies an effective date more than 75 days prior to the date on which the election is filed, it will be effective 75 days prior to the date it was filed.

.06 Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election or certain statutory elections under all subtitles of the Code, except subtitles E, G, H, and I, if the taxpayer demonstrates to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that granting the relief will not prejudice the interests of the government. Section 301.9100-1(b) defines the term "regulatory election" as an election whose due date is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin. An entity classification election made pursuant to § 301.7701-3(c) is a regulatory election.

.07 The Commissioner has authority under § 301.9100-1 and § 301.9100-3 to grant

an extension of time if a taxpayer fails to file a timely election under § 301.7701-3(c). Section 301.9100-3 provides that the Commissioner will grant an extension of time when the taxpayer provides the evidence to establish to the satisfaction of the Commissioner that the taxpayer has acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the government.

.08 On February 11, 2002, the Service and Treasury issued Rev. Proc. 2002-15, 2002-6 I.R.B. 490, which provides guidance under § 7701 for certain newly formed entities to request relief for a late initial classification election filed within 6 months of the due date of the initial election and prior to the due date (excluding extensions) of the tax return for the entity's default classification.

SECTION 3. SCOPE

This revenue procedure modifies and supersedes Rev. Proc. 2002-15 by, in particular, extending the time for filing a late initial entity classification election from six months to the due date for the federal tax return (excluding extensions) of the entity's desired classification for the year of the entity's formation. The tax return due date for an entity desiring to be disregarded as an entity separate from its owner is the due date for its sole owner's tax return for the taxable year in which the entity was formed. An initial classification election is an election by an eligible entity newly formed under local law to be classified effective on the date of its formation as other than its default classification under § 301.7701-3(b)(1) and (2). This procedure is in lieu of the letter ruling procedure that is used to obtain relief for a late entity classification election under § 301.9100-1 through § 301.9100-3. Accordingly, user fees do not apply to corrective action under this revenue procedure. An entity that is not eligible for relief under this revenue procedure, or is denied relief by the service center, may request relief by applying for a letter ruling. The procedural requirements for requesting a letter ruling are described in Rev. Proc. 2002-1, 2002-1 I.R.B. 1 (or its successor). This revenue procedure does not apply to a subsequent election to change the classification of an entity.

SECTION 4. RELIEF FOR LATE INITIAL CLASSIFICATION ELECTIONS

.01 *Eligibility for Relief.* An entity is eligible for relief under section 4.03 of this revenue procedure for a late initial classification election if the following requirements are met: (1) the entity, newly formed under local law (whether or not the entity is relevant within the meaning of § 301.7701-3(d)), failed to obtain its desired classification as of the date of its formation solely because Form 8832 was not filed timely under § 301.7701-3(c)(1); (2) the due date of the federal tax return for the entity's desired classification (excluding extensions) for the taxable year beginning with the date of the entity's formation has not passed (regardless of whether a federal tax return is actually required to be filed); and (3) the entity has reasonable cause for its failure to timely make the initial entity classification election.

.02 *Procedural Requirements for Requesting Relief.* On or before the due date of the first federal tax return (excluding extensions) of the entity's desired classification, the newly formed entity must file with the applicable service center (determined in accordance with the instructions to Form 8832) a completed Form 8832, signed in accordance with § 301.7701-3(c)(2). The Form 8832 must state at the top of the document "FILED PURSUANT TO REV. PROC. 2002-59." Attached to the Form 8832 must be a statement explaining the reason for the failure to file a timely initial classification election.

.03 *Relief for Late Entity Classification Elections.* Upon receipt of a completed application requesting relief under this revenue procedure, the Service will determine whether the requirements for granting additional time have been satisfied and will notify the entity of the result of its determination.

SECTION 5. EFFECTIVE DATE

This revenue procedure generally applies to all ruling requests pending in the national office on September 30, 2002, the date of publication of this revenue procedure in the Internal Revenue Bulletin, and to requests for relief received thereafter.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2002-15 is modified and superseded.

SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1771.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this revenue procedure is in Section 4.02. This information is required to be submitted to the applicable service center in order to obtain relief for late initial classification elections. This information will be used to determine whether the eligibility requirements for obtaining relief have been met. The collection of information is required to obtain a benefit. The likely respondents are business or other for-profit institutions.

The estimated total annual reporting burden is 100 hours.

The estimated annual burden per respondent varies from .5 hours to 1.5 hours, depending on individual circumstances, with an estimated average of 1 hour. The estimated number of respondents is 100.

The estimated annual frequency of responses is one.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Beverly M. Katz of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue procedure, contact Ms. Katz at (202) 622-3050 (not a toll-free call).

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.

(Also Part I, Sections 62, 162, 170, 213, 217, 274, 1016; 1.62-2, 1.162-17, 1.170A-1, 1.213-1, 1.217-2, 1.274-5, 1.1016-3.)

Rev. Proc. 2002-61

SECTION 1. PURPOSE

This revenue procedure updates Rev. Proc. 2001-54, 2001-48 I.R.B. 530, by providing optional standard mileage rates for employees, self-employed individuals, or other taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes. This revenue procedure also provides rules under which the amount of ordinary and necessary expenses of local travel or transportation away from home that are paid or incurred by an employee will be deemed substantiated under § 1.274-5 of the Income Tax Regulations when a payor (the employer, its agent, or a third party) provides a mileage allowance under a reimbursement or other expense allowance arrangement to pay for such expenses. Use of a method of substantiation described in this revenue procedure is not mandatory and a taxpayer may use actual allowable expenses if the taxpayer maintains adequate records or other sufficient evidence for proper substantiation.

SECTION 2. SUMMARY OF STANDARD MILEAGE RATES

.01 *Standard mileage rates.*

- | | |
|--|---------------------|
| (1) Business (section 5 below) | 36.0 cents per mile |
| (2) Charitable (section 7 below) | 14 cents per mile |
| (3) Medical and Moving (section 7 below) | 12 cents per mile |

.02 *Determination of standard mileage rates.* The business, medical, and moving standard mileage rates reflected in this revenue procedure are based on an annual study of the fixed and variable costs of operating an automobile conducted on behalf of the Internal Revenue Service by an independent contractor, and the charitable

standard mileage rate is provided in § 170(i) of the Internal Revenue Code.

SECTION 3. BACKGROUND

.01 Section 162(a) allows a deduction for all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Under that provision, an employee or self-employed individual may deduct the cost of operating an automobile to the extent that it is used in a trade or business. However, under § 262, no portion of the cost of operating an automobile that is attributable to personal use is deductible.

.02 Section 274(d) provides, in part, that no deduction shall be allowed under § 162 with respect to any listed property (as defined in § 280F(d)(4) to include passenger automobiles and any other property used as a means of transportation) unless the taxpayer complies with certain substantiation requirements. The section further provides that regulations may prescribe that some or all of the substantiation requirements do not apply to an expense that does not exceed an amount prescribed by such regulations.

.03 Section 1.274-5(j), in part, grants the Commissioner of Internal Revenue the authority to establish a method under which a taxpayer may use mileage rates to substantiate, for purposes of § 274(d), the amount of the ordinary and necessary expenses of using a vehicle for local transportation and transportation to, from, and at the destination while traveling away from home.

.04 Section 1.274-5(g), in part, grants the Commissioner the authority to prescribe rules relating to mileage allowances for ordinary and necessary expenses of using a vehicle for local transportation and transportation to, from, and at the destination while traveling away from home. Pursuant to this grant of authority, the Commissioner may prescribe rules under which such allowances, if in accordance with reasonable business practice, will be regarded as (1) equivalent to substantiation, by adequate records or other sufficient evidence, of the amount of such travel and transportation expenses for purposes of § 1.274-5(c), and (2) satisfying the requirements of an adequate accounting to the employer of the amount of such expenses for purposes of § 1.274-5(f).

.05 Section 62(a)(2)(A) allows an employee, in determining adjusted gross income, a deduction for the expenses allowed by Part VI (§ 161 and following), subchapter B, chapter 1 of the Code, paid or incurred by the employee in connection with the performance of services as an employee under a reimbursement or other expense allowance arrangement with a payor.

.06 Section 62(c) provides that an arrangement will not be treated as a reimbursement or other expense allowance arrangement for purposes of § 62(a)(2)(A) if it—

(1) does not require the employee to substantiate the expenses covered by the arrangement to the payor, or

(2) provides the employee with the right to retain any amount in excess of the substantiated expenses covered under the arrangement. Section 62(c) further provides that the substantiation requirements described therein shall not apply to any expense to the extent that, under the grant of regulatory authority prescribed in § 274(d), the Commissioner has provided that substantiation is not required for such expense.

.07 Under § 1.62-2(c)(1), a reimbursement or other expense allowance arrangement satisfies the requirements of § 62(c) if it meets the requirements of business connection, substantiation, and returning amounts in excess of expenses as specified in the regulations. Section 1.62-2(e)(2) specifically provides that substantiation of certain business expenses in accordance with rules prescribed under the authority of § 1.274-5(g) will be treated as substantiation of the amount of such expenses for purposes of § 1.62-2. Under § 1.62-2(f)(2), the Commissioner may prescribe rules under which an arrangement providing mileage allowances will be treated as satisfying the requirement of returning amounts in excess of expenses, even though the arrangement does not require the employee to return the portion of such an allowance that relates to miles of travel substantiated and that exceeds the amount of the employee's expenses deemed substantiated pursuant to rules prescribed under § 274(d), provided the allowance is reasonably calculated not to exceed the amount of the employee's expenses or anticipated expenses and the employee is required to return any portion of such an allowance that relates to miles of travel not substantiated.

.08 Section 1.62-2(h)(2)(i)(B) provides that if a payor pays a mileage allowance under an arrangement that meets the requirements of § 1.62-2(c)(1), the portion, if any, of the allowance that relates to miles of travel substantiated in accordance with § 1.62-2(e), that exceeds the amount of the employee's expenses deemed substantiated for such travel pursuant to rules prescribed under § 274(d) and § 1.274-5(g), and that the employee is not required to return, is subject to withholding and payment of employment taxes. See §§ 31.3121(a)-3, 31.3231(e)-1(a)(5), 31.3306(b)-2, and 31.3401(a)-4 of the Employment Tax Regulations. Because the employee is not required to return this excess portion, the reasonable period of time provisions of § 1.62-2(g) (relating to the return of excess amounts) do not apply to this excess portion.

.09 Under § 1.62-2(h)(2)(i)(B)(4), the Commissioner may, in his or her discretion, prescribe special rules regarding the timing of withholding and payment of employment taxes on mileage allowances.

SECTION 4. DEFINITIONS

.01 *Standard mileage rate.* The term "standard mileage rate" means the applicable amount provided by the Service for optional use by employees or self-employed individuals in computing the deductible costs of operating automobiles (including vans, pickups, or panel trucks) they own or lease for business purposes, or by taxpayers in computing the deductible costs of operating automobiles for charitable, medical, or moving expense purposes.

.02 *Transportation expenses.* The term "transportation expenses" means the expenses of operating an automobile for local travel or transportation away from home.

.03 *Mileage allowance.* The term "mileage allowance" means a payment under a reimbursement or other expense allowance arrangement that meets the requirements specified in § 1.62-2(c)(1) and that is

(1) paid with respect to the ordinary and necessary business expenses incurred, or which the payor reasonably anticipates will be incurred, by an employee for transportation expenses in connection with the performance of services as an employee of the employer,

(2) reasonably calculated not to exceed the amount of the expenses or the anticipated expenses, and

(3) paid at the applicable standard mileage rate, a flat rate or stated schedule, or in accordance with any other Service-specified rate or schedule.

.04 *Flat rate or stated schedule.* A mileage allowance is paid at a flat rate or stated schedule if it is provided on a uniform and objective basis with respect to the expenses described in section 4.03 of this revenue procedure. Such allowance may be paid periodically at a fixed rate, at a cents-per-mile rate, at a variable rate based on a stated schedule, at a rate that combines any of these rates, or on any other basis that is consistently applied and in accordance with reasonable business practice. Thus, for example, a periodic payment at a fixed rate to cover the fixed costs (including depreciation (or lease payments), insurance, registration and license fees, and personal property taxes) of driving an automobile in connection with the performance of services as an employee of the employer, coupled with a periodic payment at a cents-per-mile rate to cover the operating costs (including gasoline and all taxes thereon, oil, tires, and routine maintenance and repairs) of using an automobile for such purposes, is an allowance paid at a flat rate or stated schedule. Likewise, a periodic payment at a variable rate based on a stated schedule for different locales to cover the costs of driving an automobile in connection with the performance of services as an employee is an allowance paid at a flat rate or stated schedule.

SECTION 5. BUSINESS STANDARD MILEAGE RATE

.01 *In general.* The standard mileage rate for transportation expenses is 36.0 cents per mile for all miles of use for business purposes. This business standard mileage rate will be adjusted annually (to the extent warranted) by the Service, and any such adjustment will be applied prospectively.

.02 *Use of the business standard mileage rate.* A taxpayer may use the business standard mileage rate with respect to an automobile that is either owned or leased by the taxpayer. A taxpayer generally may deduct an amount equal to either the busi-

ness standard mileage rate times the number of business miles traveled or the actual costs (both operating and fixed) paid or incurred by the taxpayer that are allocable to traveling those business miles.

.03 *Business standard mileage rate in lieu of operating and fixed costs.* A deduction using the standard mileage rate for business miles is computed on a yearly basis and is in lieu of all operating and fixed costs of the automobile allocable to business purposes (except as provided in section 9.06 of this revenue procedure). Such items as depreciation (or lease payments), maintenance and repairs, tires, gasoline (including all taxes thereon), oil, insurance, and license and registration fees are included in operating and fixed costs for this purpose.

.04 *Parking fees, tolls, interest, and taxes.* Parking fees and tolls attributable to use of the automobile for business purposes may be deducted as separate items. Likewise, interest relating to the purchase of the automobile as well as state and local personal property taxes may be deducted as separate items, but only to the extent allowable under §§ 163 or 164, respectively. If the automobile is operated less than 100 percent for business purposes, an allocation is required to determine the business and nonbusiness portion of the taxes and interest deduction allowable. However, § 163(h)(2)(A) expressly provides that interest is nondeductible personal interest when it is paid or accrued on indebtedness properly allocable to the trade or business of performing services as an employee. Section 164 also expressly provides that state and local taxes that are paid or accrued by a taxpayer in connection with an acquisition or disposition of property will be treated as part of the cost of the acquired property or as a reduction in the amount realized on the disposition of such property.

.05 *Depreciation.* For owned automobiles placed in service for business purposes, and for which the business standard mileage rate has been used for any year, depreciation will be considered to have been allowed at the rate of 12 cents per mile for 1998 and 1999; 14 cents per mile for 2000; 15 cents per mile for 2001 and 2002; and 16 cents per mile for 2003, for those years in which the business standard mileage rate

was used. If actual costs were used for one or more of those years, the rates above will not apply to any year in which such costs were used. The depreciation described above will reduce the basis of the automobile (but not below zero) in determining adjusted basis as required by § 1016.

.06 *Limitations.*

(1) The business standard mileage rate may not be used to compute the deductible expenses of (a) automobiles used for hire, such as taxicabs, or (b) two or more automobiles used simultaneously (such as in fleet operations).

(2) The business standard mileage rate may not be used to compute the deductible business expenses of an automobile leased by a taxpayer unless the taxpayer uses either the business standard mileage rate or a "FAVR" allowance (as provided in section 8 of this revenue procedure) to compute the deductible business expenses of the automobile for the entire lease period (including renewals). For a lease commencing on or before December 31, 1997, the "entire lease period" means the portion of the lease period (including renewals) remaining after that date.

(3) The business standard mileage rate may not be used to compute the deductible expenses of an automobile for which the taxpayer has (a) claimed depreciation using a method other than straight-line for its estimated useful life, (b) claimed a § 179 deduction, or (c) used the Accelerated Cost Recovery System (ACRS) under former § 168 or the Modified Accelerated Cost Recovery System (MACRS) under current § 168. By using the business standard mileage rate, the taxpayer has elected to exclude the automobile (if owned) from MACRS pursuant to § 168(f)(1). If, after using the business standard mileage rate, the taxpayer uses actual costs, the taxpayer must use straight-line depreciation for the automobile's remaining estimated useful life (subject to the applicable depreciation deduction limitations under § 280F).

(4) The business standard mileage rate and this revenue procedure may not be used to compute the amount of the deductible automobile expenses of an employee of the United States Postal Service incurred in performing services involving the collection and delivery of mail on a rural route if the

employee receives qualified reimbursements (as defined in § 162(o)) for such expenses. See § 162(o) for the rules that apply to these qualified reimbursements.

SECTION 6. RESERVED

SECTION 7. CHARITABLE, MEDICAL, AND MOVING STANDARD MILEAGE RATE

.01 *Charitable.* Section 170(i) provides a standard mileage rate of 14 cents per mile for purposes of computing the charitable deduction for use of an automobile in connection with rendering gratuitous services to a charitable organization under § 170.

.02 *Medical and moving.* The standard mileage rate is 12 cents per mile for use of an automobile (a) to obtain medical care described in § 213, or (b) as part of a move for which the expenses are deductible under § 217. The standard mileage rates for medical and moving transportation expenses will be adjusted annually (to the extent warranted) by the Service, and any such adjustment will be applied prospectively.

.03 *Charitable, medical, or moving expense standard mileage rate in lieu of operating expenses.* A deduction computed using the applicable standard mileage rate for charitable, medical, or moving expense miles is in lieu of all operating expenses (including gasoline and oil) of the automobile allocable to such purposes. Costs for such items as depreciation (or lease payments), insurance, and license and registration fees are not deductible, and are not included in such standard mileage rates.

.04 *Parking fees, tolls, interest, and taxes.* Parking fees and tolls attributable to the use of the automobile for charitable, medical, or moving expense purposes may be deducted as separate items. Interest relating to the purchase of the automobile and state and local personal property taxes are not deductible as charitable, medical, or moving expenses, but they may be deducted as separate items to the extent allowable under §§ 163 or 164, respectively.

SECTION 8. FIXED AND VARIABLE RATE ALLOWANCE

.01 *In general.*

(1) The ordinary and necessary expenses paid or incurred by an employee in driving an automobile owned or leased by the employee in connection with the performance of services as an employee of the

employer will be deemed substantiated (in an amount determined under section 9 of this revenue procedure) when a payor reimburses such expenses with a mileage allowance using a flat rate or stated schedule that combines periodic fixed and variable rate payments that meet all the requirements of section 8 of this revenue procedure (a FAVR allowance).

(2) The amount of a FAVR allowance must be based on data that (a) is derived from the base locality, (b) reflects retail prices paid by consumers, and (c) is reasonable and statistically defensible in approximating the actual expenses employees receiving the allowance would incur as owners of the standard automobile.

.02 *Definitions.*

(1) *FAVR allowance.* A FAVR allowance includes periodic fixed payments and periodic variable payments. A payor may maintain more than one FAVR allowance. A FAVR allowance that uses the same payor, standard automobile (or an automobile of the same make and model that is comparably equipped), retention period, and business use percentage is considered one FAVR allowance, even though other features of the allowance may vary. A FAVR allowance also includes any optional high mileage payments; however, such optional high mileage payments are included in the employee's gross income, are reported as wages or other compensation on the employee's Form W-2, and are subject to withholding and payment of employment taxes when paid. See section 9.05 of this revenue procedure. An optional high mileage payment covers the additional depreciation for a standard automobile attributable to business miles driven and substantiated by the employee for a calendar year in excess of the annual business mileage for that year. If an employee is covered by the FAVR allowance for less than the entire calendar year, the annual business mileage may be prorated on a monthly basis for purposes of the preceding sentence.

(2) *Periodic fixed payment.* A periodic fixed payment covers the projected fixed costs (including depreciation (or lease payments), insurance, registration and license fees, and personal property taxes) of driving the standard automobile in connection with the performance of services as an employee of the employer in a base locality, and must be paid at least quarterly. A periodic fixed payment may be computed

by (a) dividing the total projected fixed costs of the standard automobile for all years of the retention period, determined at the beginning of the retention period, by the number of periodic fixed payments in the retention period, and (b) multiplying the resulting amount by the business use percentage.

(3) *Periodic variable payment.* A periodic variable payment covers the projected operating costs (including gasoline and all taxes thereon, oil, tires, and routine maintenance and repairs) of driving a standard automobile in connection with the performance of services as an employee of the employer in a base locality, and must be paid at least quarterly. The rate of a periodic variable payment for a computation period may be computed by dividing the total projected operating costs for the standard automobile for the computation period, determined at the beginning of the computation period, by the computation period mileage. A computation period can be any period of a year or less. Computation period mileage is the total mileage (business and personal) a payor reasonably projects a standard automobile will be driven during a computation period and equals the retention mileage divided by the number of computation periods in the retention period. For each business mile substantiated by the employee for the computation period, the periodic variable payment must be paid at a rate that does not exceed the rate for that computation period.

(4) *Base locality.* A base locality is the particular geographic locality or region of the United States in which the costs of driving an automobile in connection with the performance of services as an employee of the employer are generally paid or incurred by the employee. Thus, for purposes of determining the amount of fixed costs, the base locality is generally the geographic locality or region in which the employee resides. For purposes of determining the amount of operating costs, the base locality is generally the geographic locality or region in which the employee drives the automobile in connection with the performance of services as an employee of the employer.

(5) *Standard automobile.* A standard automobile is the automobile selected by the payor on which a specific FAVR allowance is based.

(6) *Standard automobile cost.* The standard automobile cost for a calendar year may not exceed 95 percent of the sum of (a) the retail dealer invoice cost of the standard automobile in the base locality, and (b) state and local sales or use taxes applicable on the purchase of such an automobile. Further, the standard automobile cost may not exceed \$26,900.

(7) *Annual mileage.* Annual mileage is the total mileage (business and personal) a payor reasonably projects a standard automobile will be driven during a calendar

year. Annual mileage equals the annual business mileage divided by the business use percentage.

(8) *Annual business mileage.* Annual business mileage is the mileage a payor reasonably projects a standard automobile will be driven by an employee in connection with the performance of services as an employee of the employer during the calendar year, but may not be less than 6,250 miles for a calendar year. Annual business mileage equals the annual mileage multiplied by the business use percentage.

Annual business mileage

6,250 or more but less than 10,000
10,000 or more but less than 15,000
15,000 or more but less than 20,000
20,000 or more

(10) *Retention period.* A retention period is the period in calendar years selected by the payor during which the payor expects an employee to drive a standard automobile in connection with the performance of services as an employee of the employer before the automobile is replaced. Such period may not be less than two calendar years.

(11) *Retention mileage.* Retention mileage is the annual mileage multiplied by the number of calendar years in the retention period.

(12) *Residual value.* The residual value of a standard automobile is the projected amount for which it could be sold at the end of the retention period after being driven the retention mileage. The Service will accept the following safe harbor residual values for a standard automobile computed as a percentage of the standard automobile cost:

<i>Retention period</i>	<i>Residual value</i>
2-year	70 percent
3-year	60 percent
4-year	50 percent

.03 FAVR allowance in lieu of operating and fixed costs.

(1) A reimbursement computed using a FAVR allowance is in lieu of the employee's deduction of all the operating and fixed costs paid or incurred by an employee in driving the automobile in con-

nection with the performance of services as an employee of the employer, except as provided in section 9.06 of this revenue procedure. Such items as depreciation (or lease payments), maintenance and repairs, tires, gasoline (including all taxes thereon), oil, insurance, license and registration fees, and personal property taxes are included in operating and fixed costs for this purpose.

(2) Parking fees and tolls attributable to an employee driving the standard automobile in connection with the performance of services as an employee of the employer are not included in fixed and operating costs and may be deducted as separate items. Similarly, interest relating to the purchase of the standard automobile may be deducted as a separate item, but only to the extent that the interest is an allowable deduction under § 163.

.04 Depreciation.

(1) A FAVR allowance may not be paid with respect to an automobile for which the employee has (a) claimed depreciation using a method other than straight-line for its estimated useful life, (b) claimed a § 179 deduction, or (c) used the Accelerated Cost Recovery System (ACRS) under former § 168 or the Modified Accelerated Cost Recovery System (MACRS) under current § 168. If an employee uses actual costs for an owned automobile that has been covered by a FAVR allowance, the

(9) *Business use percentage.* A business use percentage is determined by dividing the annual business mileage by the annual mileage. The business use percentage may not exceed 75 percent. In lieu of demonstrating the reasonableness of the business use percentage based on records of total mileage and business mileage driven by the employees annually, a payor may use a business use percentage that is less than or equal to the following percentages for a FAVR allowance that is paid for the following annual business mileage:

Business use percentage

45 percent
55 percent
65 percent
75 percent

employee must use straight-line depreciation for the automobile's remaining estimated useful life (subject to the applicable depreciation deduction limitations under § 280F).

(2) Except as provided in section 8.04(3) of this revenue procedure, the total amount of the depreciation component for the retention period taken into account in computing the periodic fixed payments for that retention period may not exceed the excess of the standard automobile cost over the residual value of the standard automobile. In addition, the total amount of such depreciation component may not exceed the sum of the annual § 280F limitations on depreciation (in effect at the beginning of the retention period) that apply to the standard automobile during the retention period.

(3) If the depreciation component of periodic fixed payments exceeds the limitations in section 8.04(2) of this revenue procedure, that section will be treated as satisfied in any year during which the total annual amount of the periodic fixed payments and the periodic variable payments made to an employee driving 80 percent of the annual business mileage of the standard automobile does not exceed the amount obtained by multiplying 80 percent of the annual business mileage of the standard automobile by the applicable business stan-

standard mileage rate for that year (see, for example, section 5.01 of this revenue procedure).

(4) The depreciation included in each periodic fixed payment portion of a FAVR allowance paid with respect to an automobile will reduce the basis of the automobile (but not below zero) in determining adjusted basis as required by § 1016. See section 8.07(2) of this revenue procedure for the requirement that the employer report the depreciation component of a periodic fixed payment to the employee.

.05 FAVR allowance limitations.

(1) A FAVR allowance may be paid only to an employee who substantiates to the payor for a calendar year at least 5,000 miles driven in connection with the performance of services as an employee of the employer or, if greater, 80 percent of the annual business mileage of that FAVR allowance. If the employee is covered by the FAVR allowance for less than the entire calendar year, these limits may be prorated on a monthly basis.

(2) A FAVR allowance may not be paid to a control employee (as defined in § 1.61-21(f)(5) and (6), excluding the \$100,000 limitation in paragraph (f)(5)(iii)).

(3) At no time during a calendar year may a majority of the employees covered by a FAVR allowance be management employees.

(4) At all times during a calendar year at least five employees of an employer must be covered by one or more FAVR allowances.

(5) A FAVR allowance may be paid only with respect to an automobile (a) owned or leased by the employee receiving the payment, (b) the cost of which, when new, is at least 90 percent of the standard automobile cost taken into account for purposes of determining the FAVR allowance for the first calendar year the employee receives the allowance with respect to that automobile, and (c) the model year of which does not differ from the current calendar year by more than the number of years in the retention period.

(6) A FAVR allowance may not be paid with respect to an automobile leased by an employee for which the employee has used actual expenses to compute the deductible business expenses of the automom-

obile for any year during the entire lease period. For a lease commencing on or before December 31, 1997, the "entire lease period" means the portion of the lease period (including renewals) remaining after that date.

(7) The insurance cost component of a FAVR allowance must be based on the rates charged in the base locality for insurance coverage on the standard automobile during the current calendar year without taking into account such rate-increasing factors as poor driving records or young drivers.

(8) A FAVR allowance may be paid only to an employee whose insurance coverage limits on the automobile with respect to which the FAVR allowance is paid are at least equal to the insurance coverage limits used to compute the periodic fixed payment under that FAVR allowance.

.06 Employee reporting. Within 30 days after an employee's automobile is initially covered by a FAVR allowance, or is again covered by a FAVR allowance if such coverage has lapsed, the employee by written declaration must provide the payor with the following information: (a) the make, model, and year of the employee's automobile, (b) written proof of the insurance coverage limits on the automobile, (c) the odometer reading of the automobile, (d) if owned, the purchase price of the automobile or, if leased, the price at which the automobile is ordinarily sold by retailers (the gross capitalized cost of the automobile), and (e) if owned, whether the employee has claimed depreciation with respect to the automobile using any of the depreciation methods prohibited by section 8.04(1) of this revenue procedure or, if leased, whether the employee has computed deductible business expenses with respect to the automobile using actual expenses. The information described in (a), (b), and (c) of the preceding sentence also must be supplied by the employee to the payor within 30 days after the beginning of each calendar year that the employee's automobile is covered by a FAVR allowance.

.07 Payor recordkeeping and reporting.

(1) The payor or its agent must maintain written records setting forth (a) the sta-

tistical data and projections on which the FAVR allowance payments are based, and (b) the information provided by the employees pursuant to section 8.06 of this revenue procedure.

(2) Within 30 days of the end of each calendar year, the employer must provide each employee covered by a FAVR allowance during that year with a statement that, for automobile owners, lists the amount of depreciation included in each periodic fixed payment portion of the FAVR allowance paid during that calendar year and explains that by receiving a FAVR allowance the employee has elected to exclude the automobile from MACRS pursuant to § 168(f)(1). For automobile lessees, the statement must explain that by receiving the FAVR allowance the employee may not compute the deductible business expenses of the automobile using actual expenses for the entire lease period (including renewals). For a lease commencing on or before December 31, 1997, the "entire lease period" means the portion of the lease period (including renewals) remaining after that date.

.08 Failure to meet section 8 requirements. If an employee receives a mileage allowance that fails to meet one or more of the requirements of section 8 of this revenue procedure, the employee may not be treated as covered by any FAVR allowance of the payor during the period of such failure. Nevertheless, the expenses to which that mileage allowance relates may be deemed substantiated using the method described in sections 5, 9.01(1), and 9.02 of this revenue procedure to the extent the requirements of those sections are met.

SECTION 9. APPLICATION

.01 If a payor pays a mileage allowance in lieu of reimbursing actual transportation expenses incurred or to be incurred by an employee, the amount of the expenses that is deemed substantiated to the payor is either:

(1) for any mileage allowance other than a FAVR allowance, the lesser of the amount paid under the mileage allowance or the applicable standard mileage rate in section 5.01 of this revenue procedure multiplied by the number of business miles substantiated by the employee; or

(2) for a FAVR allowance, the amount paid under the FAVR allowance less the sum of (a) any periodic variable rate payment that relates to miles in excess of the business miles substantiated by the employee and that the employee fails to return to the payor although required to do so, (b) any portion of a periodic fixed payment that relates to a period during which the employee is treated as not covered by the FAVR allowance and that the employee fails to return to the payor although required to do so, and (c) any optional high mileage payments.

.02 If the amount of transportation expenses is deemed substantiated under the rules provided in section 9.01 of this revenue procedure, and the employee actually substantiates to the payor the elements of time, place (or use), and business purpose of the transportation expenses in accordance with paragraphs (b)(2) (travel away from home), (b)(6) (listed property, which includes passenger automobiles and any other property used as a means of transportation), and (c) of § 1.274-5, the employee is deemed to satisfy the adequate accounting requirements of § 1.274-5(f), as well as the requirement to substantiate by adequate records or other sufficient evidence for purposes of § 1.274-5(c). See § 1.62-2(e)(1) for the rule that an arrangement must require business expenses to be substantiated to the payor within a reasonable period of time.

.03 An arrangement providing mileage allowances will be treated as satisfying the requirement of § 1.62-2(f)(2) with respect to returning amounts in excess of expenses as follows:

(1) For a mileage allowance other than a FAVR allowance, the requirement to return excess amounts will be treated as satisfied if the employee is required to return within a reasonable period of time (as defined in § 1.62-2(g)) any portion of such an allowance that relates to miles of travel not substantiated by the employee, even though the arrangement does not require the employee to return the portion of such an allowance that relates to the miles of travel substantiated and that exceeds the amount of the employee's expenses deemed substantiated. For example, assume a payor provides an employee an advance mileage allowance of \$80 based on an anticipated 200 business miles at 40 cents per mile (at a time when the applicable busi-

ness standard mileage rate is 36.0 cents per mile), and the employee substantiates 120 business miles. The requirement to return excess amounts will be treated as satisfied if the employee is required to return the portion of the allowance that relates to the 80 unsubstantiated business miles (\$32) even though the employee is not required to return the portion of the allowance (\$4.80) that exceeds the amount of the employee's expenses deemed substantiated under section 9.01 of this revenue procedure (\$43.20) for the 120 substantiated business miles. However, the \$4.80 excess portion of the allowance is treated as paid under a nonaccountable plan as discussed in section 9.05.

(2) For a FAVR allowance, the requirement to return excess amounts will be treated as satisfied if the employee is required to return within a reasonable period of time (as defined in § 1.62-2(g)), (a) the portion (if any) of the periodic variable payment received that relates to miles in excess of the business miles substantiated by the employee, and (b) the portion (if any) of a periodic fixed payment that relates to a period during which the employee was not covered by the FAVR allowance.

.04 An employee is not required to include in gross income the portion of a mileage allowance received from a payor that is less than or equal to the amount deemed substantiated under section 9.01 of this revenue procedure, provided the employee substantiates in accordance with section 9.02. See § 1.274-5(f)(2)(i). In addition, such portion of the allowance is treated as paid under an accountable plan, is not reported as wages or other compensation on the employee's Form W-2, and is exempt from the withholding and payment of employment taxes. See §§ 1.62-2(c)(2) and (c)(4).

.05 An employee is required to include in gross income only the portion of a mileage allowance received from a payor that exceeds the amount deemed substantiated under section 9.01 of this revenue procedure, provided the employee substantiates in accordance with section 9.02 of this revenue procedure. See § 1.274-5(f)(2)(ii). In addition, the excess portion of the allowance is treated as paid under a nonaccountable plan, is reported as wages or other compensation on the employee's Form W-2, and is subject to withholding and pay-

ment of employment taxes. See §§ 1.62-2(c)(3)(ii), (c)(5), and (h)(2)(i)(B).

.06

(1) Except as otherwise provided in section 9.06(2) of this revenue procedure with respect to leased automobiles, if the amount of the expenses deemed substantiated under the rules provided in section 9.01 of this revenue procedure is less than the amount of the employee's business transportation expenses, the employee may claim an itemized deduction for the amount by which the business transportation expenses exceed the amount that is deemed substantiated, provided the employee substantiates all the business transportation expenses, includes on Form 2106, *Employee Business Expenses*, the deemed substantiated portion of the mileage allowance received from the payor, and includes in gross income the portion (if any) of the mileage allowance received from the payor that exceeds the amount deemed substantiated. See § 1.274-5(f)(2)(iii). However, for purposes of claiming this itemized deduction, substantiation of the amount of the expenses is not required if the employee is claiming a deduction that is equal to or less than the applicable standard mileage rate multiplied by the number of business miles substantiated by the employee minus the amount deemed substantiated under section 9.01 of this revenue procedure. The itemized deduction is subject to the 2-percent floor on miscellaneous itemized deductions provided in § 67.

(2) An employee whose business transportation expenses with respect to a leased automobile are deemed substantiated under section 9.01(1) of this revenue procedure (relating to an allowance other than a FAVR allowance) may not claim a deduction based on actual expenses unless the employee does so consistently beginning with the first business use of the automobile after December 31, 1997. However, an employee whose business transportation expenses with respect to a leased automobile are deemed substantiated under section 9.01(2) of this revenue procedure (relating to a FAVR allowance) may not claim a deduction based on actual expenses.

.07 An employee may deduct an amount computed pursuant to section 5.01 of this revenue procedure only as an itemized deduction. This itemized deduction is sub-

ject to the 2-percent floor on miscellaneous itemized deductions provided in § 67.

.08 A self-employed individual may deduct an amount computed pursuant to section 5.01 of this revenue procedure in determining adjusted gross income under § 62(a)(1).

.09 If a payor's reimbursement or other expense allowance arrangement evidences a pattern of abuse of the rules of § 62(c) and the regulations thereunder, all payments under the arrangement will be treated as made under a nonaccountable plan. Thus, such payments are included in the employee's gross income, are reported as wages or other compensation on the employee's Form W-2, and are subject to withholding and payment of employment taxes. See §§ 1.62-2(c)(3), (c)(5), and (h)(2).

SECTION 10. WITHHOLDING AND PAYMENT OF EMPLOYMENT TAXES

.01 The portion of a mileage allowance (other than a FAVR allowance), if any, that relates to the miles of business travel substantiated and that exceeds the amount deemed substantiated for those miles under section 9.01(1) of this revenue procedure is subject to withholding and payment of employment taxes. See § 1.62-2(h)(2)(i)(B).

(1) In the case of a mileage allowance paid as a reimbursement, the excess described in section 10.01 of this revenue procedure is subject to withholding and payment of employment taxes in the payroll period in which the payor reimburses the expenses for the business miles substantiated. See § 1.62-2(h)(2)(i)(B)(2).

(2) In the case of a mileage allowance paid as an advance, the excess described in section 10.01 of this revenue procedure is subject to withholding and payment of employment taxes no later than the first payroll period following the payroll period in which the business miles with respect to which the advance was paid are substantiated. See § 1.62-2(h)(2)(i)(B)(3). If some or all of the business miles with respect to which the advance was paid are not

substantiated within a reasonable period of time and the employee does not return the portion of the allowance that relates to those miles within a reasonable period of time, the portion of the allowance that relates to those miles is subject to withholding and payment of employment taxes no later than the first payroll period following the end of the reasonable period. See § 1.62-2(h)(2)(i)(A).

(3) In the case of a mileage allowance that is not computed on the basis of a fixed amount per mile of travel (for example, a mileage allowance that combines periodic fixed and variable rate payments, but that does not satisfy the requirements of section 8 of this revenue procedure), the payor must compute periodically (no less frequently than quarterly) the amount, if any, that exceeds the amount deemed substantiated under section 9.01(1) of this revenue procedure by comparing the total mileage allowance paid for the period to the applicable standard mileage rate in section 5.01 of this revenue procedure multiplied by the number of business miles substantiated by the employee for the period. Any excess is subject to withholding and payment of employment taxes no later than the first payroll period following the payroll period in which the excess is computed. See § 1.62-2(h)(2)(i)(B)(4).

(4) For example, assume an employer pays its employees a mileage allowance at a rate of 40 cents per mile (when the business standard mileage rate is 36.0 cents per mile). The employer does not require the return of the portion of the allowance that exceeds the business standard mileage rate for the business miles substantiated (4.0 cents). In June, the employer advances an employee \$200 for 500 miles to be traveled during the month. In July, the employee substantiates to the employer 400 business miles traveled in June and returns \$40 to the employer for the 100 business miles not traveled. The amount deemed substantiated for the 400 miles traveled is \$144 and the employee is not required to return the remaining \$16. No later than the first payroll period following the payroll pe-

riod in which the 400 business miles traveled are substantiated, the employer must withhold and pay employment taxes on \$16.

.02 The portion of a FAVR allowance, if any, that exceeds the amount deemed substantiated for those miles under section 9.01(2) of this revenue procedure is subject to withholding and payment of employment taxes. See § 1.62-2(h)(2)(i)(B).

(1) Any periodic variable rate payment that relates to miles in excess of the business miles substantiated by the employee and that the employee fails to return within a reasonable period, or any portion of a periodic fixed payment that relates to a period during which the employee is treated as not covered by the FAVR allowance and that the employee fails to return within a reasonable period, is subject to withholding and payment of employment taxes no later than the first payroll period following the end of the reasonable period. See § 1.62-2(h)(2)(i)(A).

(2) Any optional high mileage payment is subject to withholding and payment of employment taxes when paid.

SECTION 11. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2001-54, 2001-48 I.R.B. 530, is hereby superseded for mileage allowances that are paid both (1) to an employee on or after January 1, 2003, and (2) with respect to transportation expenses paid or incurred by the employee on or after January 1, 2003. Rev. Proc. 2001-54 is also hereby superseded for purposes of computing the amount allowable as a deduction for transportation expenses paid or incurred on or after January 1, 2003.

DRAFTING INFORMATION

The principal author of this revenue procedure is Christian Wood of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Mr. Wood at (202) 622-4930 (not a toll-free call).

Part IV. Items of General Interest

New Revision of Publication 555, *Community Property*

Announcement 2002-85

Publication 555, revised June 2002, is now available from the Internal Revenue Service. It replaces the October 1999 revision.

This publication provides basic federal tax information for married taxpayers who are domiciled in a community property state.

You can get a copy of this publication by:

- Calling 1-800-TAX-FORM (1-800-829-3676),
- Writing to the IRS Forms Distribution Center nearest you (check your income tax package for the address), or
- Downloading it from the IRS Internet web site at www.irs.gov.

New Revision of Publication 520, *Scholarships and Fellowships*

Announcement 2002-86

Publication 520, revised June 2002, is now available from the Internal Revenue Service. It replaces the April 1998 revision.

This publication provides basic federal tax information concerning scholarships, fellowships, and tuition reductions.

You can get a copy of this publication by:

- Calling 1-800-TAX-FORM (1-800-829-3676),
- Writing to the IRS Forms Distribution Center nearest you (check your income tax package for the address), or
- Downloading it from the IRS Internet web site at www.irs.gov.

Form 990 Series Developments and Request for Comments Regarding Possible Changes

Announcement 2002-87

The Internal Revenue Service is seeking to improve both the content and quality of the information provided on the Form 990. The Service has made changes to the Form 990, *Return for Organization Exempt from Income Tax*, and is considering making other changes. This announcement contains explanations of recent changes made and identifies additional areas where changes are being considered. Comments are requested on these possible changes.

Fundraising

The Service is considering additional reporting requirements for organizations that engage in fundraising. Recent changes to Form 990 and the Instructions affect the way organizations report fundraising expenses. Both recent changes and possible additional changes are discussed below.

Recent Changes

Fundraising Reporting

The Service revised the instructions for Part I, line 1a, of Form 990 to clarify that a filing organization must report the **gross amount raised** by an outside fundraiser and not just the amount actually received by the filing organization. This clarification was made because some filing organizations were reporting only the net amount received from outside fundraisers. By reporting only the net amount received, filing organizations were avoiding reporting certain expenses, such as fundraising fees, on Part II of Form 990.

In addition, the Service revised the instructions for Part II of Form 990 to emphasize that fundraising expenses should not be reported as program related expenses even when one of the functions of the organization is soliciting contributions for

other organizations. This clarification was made to help insure uniformity in the reporting of fundraising expenses. Some organizations were incorrectly reporting fundraising expenses as program service expenses using the rationale that fundraising was their program service.

New Check Box for Reporting Joint Costs

The Service added a check box in Part II of Form 990 for an organization to indicate whether it accounts for joint costs in accordance with the AICPA's Statement of Position 98-2 (SOP 98-2), *Accounting for Costs of Materials and Activities of Not-for-Profit Organizations and State and Local Government Entities that Include Fund-Raising*. The reason for the check box is to encourage the use of SOP 98-2 for the reporting of joint costs on Form 990, and to apprise viewers of the form as to the method used by the preparer.

Schedule A Attachments

The Service no longer requires an organization to attach the lists of contributors and disqualified persons to substantiate the amounts reported on Schedule A, Part IV-A, lines 26(b), 27(a) and (b), and 28. Instead, the organization must prepare these lists and keep them with its records.

Issues for Comment

In an effort to improve the quality of fundraising reporting, the Service is seeking comments on the following possible changes to Form 990.

- Should it be mandatory for all organizations to complete columns (B), (C), and (D) of Part II? These columns identify expenses as program service expenses, management and general expenses, and fundraising expenses. Currently, only organizations described in § 501(c)(3) and (4) of the Internal Revenue Code and § 4947(a)(1) trusts must complete these columns. For all other organizations, it is optional. State regulators have expressed an interest in having this in-

formation from other organizations, such as § 501(c)(5), (6), (8), and (10) organizations. Because many states use this information to satisfy state and local filing requirements, such as those under state charitable solicitation acts, using one form to collect this information could reduce overall taxpayer burden.

- Should organizations be required to complete Part II in accordance with SOP 98-2? Alternatively, should it be mandatory only for certain Form 990 filers, such as filers whose assets exceed a certain dollar limit? Mandating the use of SOP 98-2 would insure greater uniformity and would allow for better comparison of fundraising costs among organizations. It would also bring Form 990 reporting closer to an organization's audited financial statement.
- Should the Service make any other reporting changes that could provide the Service, the states, and the public with additional information about fundraising practices?

IRC 527 Political Organizations

On July 1, 2000, Public Law 106-230 was enacted, imposing new reporting and disclosure requirements on tax-exempt political organizations described in § 527, including the requirement to file an annual information return for tax years beginning after June 30, 2000. In light of the new annual information reporting requirements, the Service made some changes to adapt the Form 990 for use by political organizations. In addition, it is considering whether other changes are necessary to improve annual information reporting for political organizations.

Recent Changes

The Service revised Form 990 and Form 990-EZ to add a check box for § 527 organizations. The Service also revised the instructions to Form 990 and Form 990-EZ to reflect the new requirements for political organizations, including identifying items that political organizations are not required to complete. The Service also added instructions to Schedule B, Part I of Form 990 to advise § 527 organizations how to report contributor information.

Issues For Comment

Some concern has been raised about affiliations and potential transfers of funds between § 527 organizations and other exempt organizations. While Form 990 requests information about related organizations, it does not require specific information about fund flows between any related organizations, including § 527 organizations. Although Schedule A, Part VII, of Form 990 asks for information about transactions or relationships with non-charitable exempt organizations, only § 501(c)(3) organizations and § 4947(a)(1) trusts that are not private foundations file Schedule A.

The Service is seeking comments on the following alternatives for reporting transfers and transactions between § 501(c) organizations and § 527 organizations.

- Should the Service require § 501(c)(4), (5) and (6) and § 527 organizations to complete all or part of Schedule A? While most of Schedule A is not relevant to non-charitable exempt organizations, Parts I and II concerning compensation paid may be relevant to non-charitable exempt organizations. This rationale may also apply to Part VII concerning relationships and transactions with non-charitable exempt organizations.
- Should the Service add a new part to Form 990 for reporting fund transfers and transactions between § 501(c)(4), (5), or (6) organizations and § 527 organizations? If so, should it include the same information collected in Part VII of Schedule A or only the information collected in question 51 of Schedule A?
- Should the Service move Part VII of Schedule A to the Form 990 and require all § 501(c)(3), (4), (5) and (6) organizations, § 527 organizations and § 4947(a)(1) trusts that are not private foundations to complete it?
- Are there any other changes to the form that would improve the information reported about § 527 organizations?

Foreign Grants

Since the events of September 11, 2001, concern has been expressed that purportedly charitable organizations may be transferring funds outside the United States to

organizations or individuals suspected of supporting terrorist activities.

Currently, grants made by exempt organizations may be reported in two places on Form 990. Grants to other organizations and scholarship, fellowship, and research grants to individuals are reported on line 22. An attached schedule requires the name and address of the recipient, and the class of activity furthered by the grant. Other payments to or for the benefit of individuals are reported on line 23. The attached schedule for this line does not identify individual recipients. Instead, payments are identified by class of activity, *e.g.* "clothing for disaster victims." Foreign grants are not identified separately on this attachment.

We would like comments addressing what further steps, if any, the Service should take to more effectively identify on Form 990 transactions that present a risk of the diversion of charitable funds, including the following:

- Should a separate schedule of grants to foreign organizations be required?
- Should domestic charities conducting foreign activities be required to provide more specific information about the flow of funds involved in these activities, or about the recipients of these funds?
- Should transactions other than grant-making, such as sales or leases where funds flow outside the United States, also be more extensively reported?

Corporate Responsibility

Recent events have raised concerns about the integrity of financial disclosures by publicly traded companies. In response to this, there has been a great deal of discussion, as well as recent legislation, relating to the need for new rules to ensure ethical accounting practices and the veracity of public disclosures by such companies. Some of the measures include proposed rules to improve the quality of a company's public disclosure, require that companies have independent audit committees, and to otherwise increase disclosures of transactions and financial relationships.

It may be argued that there are similarities between the need for veracity in the public information used by shareholders in making investment decisions and the need for veracity in the public information used by contributors and others in making decisions regarding exempt organizations. As a result, the Service is considering whether the Form 990 or other requirements should be modified to provide similar measures to increase public confidence in the integrity of the disclosures by exempt organizations. These measures could include:

- Whether exempt organizations should be required to disclose on Form 990 whether they have adopted conflicts of interest policies or have independent audit committees.
- Whether non-charitable exempt organizations should be required to disclose information about transactions with its substantial contributors, officers, directors, trustees, and key employees similar to the disclosures required in Schedule A, Part III, Question 2.
- Whether exempt organizations should be required to disclose on Form 990 any information in addition to that required in Schedule A, Part III, Question 2, about transactions or financial relationships with its substantial contributors, officers, directors, trustees, and key employees.
- Whether there are any other changes to the Form 990 or other requirements that would increase public confidence in the integrity of exempt organization disclosures.

How to Comment

Public comments on any of the issues discussed above should be submitted in writing on or before January 28, 2003. Comments should be sent to the following address:

Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224
Attn: David W. Jones
T:EO:RA

Comments may also be sent via e-mail to **TE/GE-EO-1@irs.gov*.

Drafting Information

The principal author of this announcement is David W. Jones of the Exempt Organizations Technical Division. For further information regarding this announcement, contact Mr. Jones at (202) 283-8907 or Cheryl G. Chasin at (202) 283-8932 (not toll-free calls).

Partnership Mergers and Divisions; Correction

Announcement 2002-89

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting Amendment.

SUMMARY: This document contains corrections to final regulations (T.D. 8925, 2001-1 C.B. 496), which were published in the **Federal Register** on Thursday, January 4, 2001 (66 FR 715), relating to the tax consequences of partnership mergers and divisions.

EFFECTIVE DATE: January 4, 2001

FOR FURTHER INFORMATION CONTACT: Mary Beth Collins (202) 622-3080 or Daniel Carmody (202) 622-3050 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 708 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 8925) contains errors which may prove to be misleading and are in need of clarification.

* * * * *

Correction of Publication

Accordingly, 26 CFR Part 1 is corrected by making the following correcting amendments:

PART 1 - Income Taxes

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

PART 1 [Corrected]

Par. 2. Each entry listed in the "Section/Location" column in the following table is amended by removing the text indicated in the "Remove" column, and adding the text indicated in the "Add" column.

Section/Location	Remove	Add
§ 1.708-1(b)(4), second sentence	(b)(1)(i)	(b)(1)
§ 1.708-1(b)(4), in four locations in third sentence	(b)(1)(iv)	(b)(4)
§ 1.708-1(b)(4), Example. (iii), last sentence	§ 1.708-1(b)(1)(iv)	§ 1.708-1(b)(4)
§ 1.708-1(b)(5), in three locations in last sentence	(b)(1)(v)	(b)(5)

Cynthia E. Grigsby,
 Chief, Regulations Unit,
Associate Chief Counsel
(Income Tax & Accounting).

(Filed by the Office of the Federal Register on September 9, 2002, 8:45 a.m., and published in the issue of the Federal Register for September 10, 2002, 67 F.R. 57330)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it

applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.

E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.

PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2002–1 through 2002–25 is in Internal Revenue Bulletin 2002–26, dated July 1, 2002.

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