

# Internal Revenue bulletin

Bulletin No. 1997-30  
July 28, 1997

## 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.

### EMPLOYMENT TAX

T.D. 8723, page 4.

Final and temporary regulations under section 6302 of the Code relate to the deposit of federal taxes by electronic funds transfer (EFT).

Notice 97-43, page 9.

This notice provides guidance relating to the waiver of the failure-to-deposit penalty for certain taxpayers required to begin using electronic funds transfer on or after July 1, 1997.

### ADMINISTRATIVE

Rev. Proc. 97-33, page 10.

Tax forms and instructions. Information is provided to taxpayers about the Electronic Federal Tax Payment System (EFTPS). EFTPS is an electronic remittance system for making federal tax deposits and federal tax payments.

Rev. Proc. 97-34, page 14.

Electronic filing; magnetic media; 1997 form specifications. Specifications are set forth for the magnetic or electronic filing of 1997 Forms 1098, 1099, 5498, and W-2G. The forms may be filed with the IRS using 1/2 inch magnetic tape; IBM 3480/3490 or AS400 compatible tape cartridges; 8 mm tape cartridges; 4 mm cartridges; quarter inch cartridges; or 5 1/4-, 3 1/2-inch diskettes. Rev. Proc. 96-36 superseded.

Announcement 97-73, page 86.

An updated edition of Publication 939, General Rule for Pensions and Annuities (revised June 1997), will be available in August.

Finding Lists begin on page 90.

Announcement of Disbarments and Suspensions begins on page 87.



Department of the Treasury  
Internal Revenue Service

# Mission of the Service

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our prod-

ucts and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness.

## Statement of Principles of Internal Revenue Tax Administration

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

# 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 of a permanent nature 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 proce-

dures 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 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.

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

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 quarterly and semiannual basis, and are published in the first Bulletin of the succeeding quarterly and semi-annual period, respectively.

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

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

## Section 6302.—Mode or Time of Collection

26 CFR 31.6302-1: Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA) attributable to payments made after December 31, 1992.

T.D. 8723

DEPARTMENT OF THE TREASURY  
Internal Revenue Service  
26 CFR Parts 1, 31, and 40

## Federal Tax Deposits by Electronic Funds Transfer

A G E N C Y: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

S U M M A R Y: This document contains final regulations relating to the deposit of Federal taxes by electronic funds transfer (EFT). The regulations provide rules regarding which taxpayers must make deposits by EFT, the types of Federal taxes that must be deposited by EFT, and when deposits by EFT must begin. The regulations affect taxpayers required to make deposits of Federal taxes by EFT. The final regulations reflect changes to the Internal Revenue Code of 1986 (Code) made by the North American Free Trade Agreement Implementation Act and the Small Business Job Protection Act of 1996.

DATES: The final regulations are effective July 14, 1997. For dates of applicability of these regulations, see §31.6302-1(h)(2).

FOR FURTHER INFORMATION CONTACT: Vincent G. Surabian, 202-622-6232 (not a toll-free number).

### SUPPLEMENTARY INFORMATION:

#### Background

Section 523 of the North American Free Trade Agreement Implementation Act, Public Law 103-182, 107 Stat. 2057 (December 8, 1993), amended section 6302 of the Code by enacting a new subsection (h) requiring the Secretary of the Treasury to prescribe such regulations as may be nec-

essary for the development and implementation of an EFT system to be used for the collection of depository taxes.

On July 11, 1994, the IRS published temporary regulations (T.D. 8553) in the **Federal Register** (59 FR 35414) relating to the deposit of Federal taxes by EFT. A notice of proposed rulemaking (IA-03-94) cross-referencing the temporary regulations was also published in the **Federal Register** for the same day (59 FR 35418). Subsequently, on March 21, 1996, additional temporary regulations (T.D. 8661) were published in the **Federal Register** (61 FR 11548) as well as a notice of proposed rulemaking (IA-03-94, 61 FR 11595) that both cross-referenced the temporary regulations published that day and amended the notice of proposed rulemaking published July 11, 1994. Many written comments were received in response to these notices of proposed rulemaking. A public hearing on the 1994 notice was held on October 3, 1994. There were no requests for a public hearing on the 1996 notice and none was held.

Section 1809 of the Small Business Job Protection Act of 1996, Public Law 104-188, 110 Stat. 1755 (August 20, 1996), delayed the date by which certain taxpayers must begin EFT deposits.

After consideration of all comments, the regulations proposed by IA-03-94 are adopted as revised by this Treasury decision, and the corresponding temporary regulations are removed. The revisions are discussed below.

#### Explanation of Provisions

Under the temporary regulations, the requirement to deposit by EFT is based on the taxpayer's total deposits of certain taxes during certain "determination periods." If the taxpayer's deposits of the taxes during a determination period exceed a prescribed dollar threshold, the taxpayer must use EFT to make deposits on and after the date prescribed in the temporary regulations.

#### DELAY IN JANUARY 1, 1997, START-UP DATE

The Small Business Job Protection Act of 1996 provides that taxpayers first required by the temporary regulations to de-

posit by EFT for return periods beginning on and after January 1, 1997, need not begin to deposit by EFT until July 1, 1997. The final regulations provide that these taxpayers must use EFT to make deposits that are due on or after July 1, 1997, and relate to return periods beginning on or after January 1, 1997. For example, a corporation to which this rule applies, and which files its income tax returns on a calendar year basis, must use EFT to make corporate and estimated income tax deposits that are due on or after July 1, 1997. Thus, the corporation's September 15, 1997, and subsequent estimated tax payments must be made by EFT.

#### PENALTY RELIEF

Under Notice 97-43, (1997-30 I.R.B.), the IRS announced that no penalties for failure to deposit by EFT will be imposed through December 31, 1997, on any taxpayer first required to deposit by EFT on or after July 1, 1997. These taxpayers will remain liable for the failure-to-deposit penalty (absent reasonable cause) under section 6656 if they fail to make a required deposit (using either EFT or paper coupons) in a timely manner.

#### THRESHOLD FOR JANUARY 1, 1999 MANDATE

The temporary regulations provide that if a taxpayer's employment tax deposits during 1997 exceed \$20,000, or, if no employment taxes are deposited, the other taxes deposited in 1997 exceed \$20,000, the taxpayer must begin depositing by EFT for return periods beginning on and after January 1, 1999. Based on information available in 1994, the IRS and Treasury Department concluded that the \$20,000 threshold was necessary to assure that 94% of employment taxes and 94% of other depository taxes would be collected by EFT in fiscal year 1999 and subsequent years as required by section 6302(h). Based on information currently available, the IRS and Treasury Department have concluded that the statutory requirement for 1999 and subsequent years will be satisfied without the need to reduce the threshold below \$50,000. Accordingly, the final regulations raise the threshold for the January 1, 1997 through

December 31, 1997 determination period from \$20,000 to \$50,000.

#### TECHNICAL CORRECTION—FIRST REQUIRED DEPOSIT

The final regulations revise the special rule requiring taxpayers with no employment tax deposits to use EFT if their deposits of other taxes exceed a specified threshold. As revised, the requirement to deposit by EFT “applies to all depository taxes due with respect to deposit obligations incurred for return periods beginning on and after the applicable effective date.” The words “for return periods beginning” were inadvertently omitted in the temporary regulations.

#### MISCELLANEOUS

The definition of *time deemed deposited* has been revised solely for purposes of clarity.

Certain obsolete provisions in the temporary regulations relating to agreements entered into by the Commissioner with third party bulk data processors for the period prior to January 1, 1995, have been deleted.

#### Public Comment

Some commentators asked if the IRS intends to notify each affected taxpayer of the EFT requirement before the date on which the taxpayer must begin depositing by EFT. The IRS mailed several advance notices to each taxpayer that became subject to the EFT Requirement in 1997, and plans to provide similar notices to taxpayers required to begin depositing by EFT in 1998.

Other commentators stated that it would be easier for taxpayers to determine whether they are subject to the rules if the thresholds were based on *deposit liabilities incurred* during the calendar year rather than *deposits made* during the calendar year. Although the specific suggestion was not adopted, the IRS is addressing the underlying concern in other ways. The IRS will make the threshold determination for affected taxpayers and, as indicated above, notify those taxpayers, in advance, of their obligation to begin depositing by EFT.

Some commentators suggested that the final regulations should clarify whether tax payments made with returns by check, money order, etc. are taken into account

in threshold determinations. Payments submitted with a return are not “deposits” and are, therefore, not taken into account in determining if a threshold has been exceeded for EFT purposes.

Other commentators stated that the determination period for EFT should be the same as the lookback period used in determining a taxpayer’s deposit status (semi-weekly or monthly) for employment tax deposit purposes. This suggestion was not adopted because the lookback periods for determining a taxpayer’s deposit status with respect to employment tax vary depending upon the type of employment tax being deposited (for example, Form 943 and 945 depositors have a calendar year lookback period whereas Form 941 depositors do not).

Several commentators suggested employers need a safe harbor more generous than the current 98 percent rule because deposits by EFT must be initiated earlier than current paper coupon deposits. The IRS and Treasury Department do not believe it is necessary to change the safe harbor. EFT depositors may use the Same Day Payment option (Electronic Tax Application (ETA)) and, when using this option, are not required to initiate deposits any earlier than paper coupon depositors. Thus, EFT depositors will have as much time as they have always had to determine the amount they are required to deposit.

One commentator indicated that following the ACH Holiday Schedule will cause problems for \$100,000 next-day depositors. The IRS and Treasury Department believe that the availability of ETA will alleviate any problems caused by the ACH Holiday Schedule.

Another commentator noted that many securities firms that have next-day deposits will be unable to comply with the EFT deposit requirement because of the nature of the securities business. The commentator recommends either exempting nonpayroll related income tax deposits from the EFT deposit requirement or allowing the use of Fedwire on a regular basis. Since ETA includes Fedwire value transfers, Fedwire non-value transfers, and Direct Access transactions, and is available for taxpayers to use on a regular basis, securities firms should be able to comply with the next-day deposit rule.

Another commentator suggested that a deposit by EFT should be considered

timely if initiated with the Automated Clearing House (ACH) in a timely and correct manner and that the taxpayer should not be responsible for possible ACH breakdowns. Rev. Rul. 94-46 (1994-2 C.B. 278), has been published to address this situation. The revenue ruling provides guidance on establishing reasonable cause for abatement of the failure-to-deposit penalty in certain situations involving deposits by EFT.

A commentator suggested that the regulations should allow taxpayers to make deposits by EFT from any institution that has the ability to make ACH credit or debit transfers and should not require the taxpayers to open accounts with a Treasury Financial Agent. A taxpayer is not required to open an account with a Treasury Financial Agent. The ACH debit and ACH credit options allow a taxpayer to make a deposit from any of the many institutions that have the ability to make ACH credit or debit transfers.

One commentator suggested that a \$500 minimum threshold should be provided for EFT deposits. This change would unduly complicate administration of the rules and has not been adopted.

Some of the issues raised in comments on the notice of proposed rulemaking published on July 11, 1994, were addressed in changes made to the temporary regulations by T.D. 8661. These issues were discussed in the preamble to T.D. 8661 and will not be addressed again here. In addition, several other comments that were outside the scope of this regulations project have not been addressed here.

#### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and, because the notices of proposed rulemaking preceding the regulations were issued prior to March 29, 1996, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the two notices of proposed rulemaking preceding these regulations were submitted to the Chief Counsel for Advo-

cacy of the Small Business Administration for comment on their impact on small business.

*Drafting Information*

The principal author of these regulations is Vincent G. Surabian, Office of the Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

\* \* \* \* \*

*Amendments to the Regulations*

Accordingly, 26 CFR parts 1, 31, and 40 are amended as follows:

**PART1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 is amended by removing the citations for “Section 1.6302–1(a)”, and Sections 1.6302–1T, 1.6302–2T and 1.6302–3T”, and “Section 1.6302–4T” and adding entries in numerical order to read as follows:

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

Section 1.6302–1 also issued under 26 U.S.C. 6302(c) and (h).

Section 1.6302–2 also issued under 26 U.S.C. 6302(h).

Section 1.6302–3 also issued under 26 U.S.C. 6302(h).

Section 1.6302–4 also issued under 26 U.S.C. 6302(a) and (c). \* \* \*

Par. 2. Section 1.6302–1 is amended as follows:

1. The heading for paragraph (b) is revised.

2. The text of paragraph (b) is redesignated as paragraph (b)(1) and a heading for (b)(1) is added.

3. Paragraph (b)(2) is added.

4. The OMB parenthetical at the end of the section is removed.

The revised and added provisions read as follows:

*§1.6302–1 Use of Government depositaries in connection with corporation income and estimated income taxes and certain taxes of tax-exempt organizations.*

\* \* \* \* \*

(b) *Manner of deposit*—(1) *Deposit by Federal tax deposit coupon.* \* \* \*

(b)(2) *Deposits by electronic funds transfer.* For the requirement to deposit

corporation income and estimated income taxes and certain taxes of tax-exempt organizations by electronic funds transfer, see §31.6302–1(h) of this chapter. A taxpayer not required to deposit by electronic funds transfer pursuant to §31.6302–1(h) of this chapter remains subject to the rules of paragraph (b)(1) of this section.

**§1.6302–1T [Removed]**

Par. 3. Section 1.6302–1T is removed.

Par. 4. Section 1.6302–2 is amended as follows:

1. The heading for paragraph (b) is revised.

2. Paragraph (c) is redesignated as paragraph (b)(6).

3. A new paragraph (c) is added.

4. The OMB parenthetical at the end of the section is removed.

The revised and added provisions read as follows:

*§1.6302–2 Use of Government depositaries for payment of tax withheld on non-resident aliens and foreign corporations.*

\* \* \* \* \*

(b) *Deposits by Federal tax deposit coupon.* \* \* \*

(c) *Deposits by electronic funds transfer.* For the requirement to deposit taxes withheld on nonresident aliens and foreign corporations by electronic funds transfer, see §31.6302–1(h) of this chapter. A taxpayer not required to deposit by electronic funds transfer pursuant to §31.6302–1(h) of this chapter remains subject to the rules of paragraph (b) of this section.

\* \* \* \* \*

**§1.6302–2T [Removed]**

Par. 5. Section 1.6302–2T is removed.

Par. 6. In §1.6302–3, paragraph (c) is revised to read as follows:

*§1.6302–3 Use of Government depositaries in connection with estimated taxes of certain trusts.*

\* \* \* \* \*

(c) *Cross-references.* For further guidance and instructions for certain banks and financial institutions acting as fiduciaries with respect to taxable trusts, see Rev. Proc. 89–49 (1989–2 C.B. 615), (see §601.601(d)(2) of this chapter) or any suc-

cessor revenue procedure. For the requirement to deposit estimated tax payments of taxable trusts by electronic funds transfer, see §31.6302–1(h) of this chapter.

**§1.6302–3T [Removed]**

Par. 7. Section 1.6302–3T is removed.

Par. 8. Section 1.6302–4 is added to read as follows:

*§1.6302–4 Use of financial institutions in connection with individual income taxes.*

*Voluntary payments by electronic funds transfer.* An individual may voluntarily remit by electronic funds transfer all payments of tax imposed by subtitle A of the Code, including any payments of estimated tax. Such payments must be made in accordance with procedures to be prescribed by the Commissioner.

**§1.6302–4T [Removed]**

Par. 9. Section 1.6302–4T is removed.

**PART31—EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE**

Par. 10. The authority citation for Part 31 is amended by removing the entries for “Section 31.6302–1T”, and “Section 31.6302(c)–3T” and revising the entry “Sections 31.6302–1 through 31.6302–3” and by adding an entry for “Section 31.6302(c)–3” to read as follows:

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

Sections 31.6302–1 through 31.6302–3 also issued under 26 U.S.C. 6302(a), (c), and (h). \* \* \*

Section 31.6302(c)–3 also issued under 26 U.S.C. 6302(h).

Par. 11. In §31.0–1, paragraph (a) is amended by adding a sentence at the end of the paragraph to read as follows:

*§31.0–1 Introduction.*

(a) \* \* \* The regulations in this part also provide rules relating to the deposit of other taxes by electronic funds transfer.

\* \* \* \* \*

Par. 12. In §31.0–3, paragraph (f) is amended by adding a sentence at the end of the paragraph to read as follows:

*§31.0–3 Scope of regulations.*

\* \* \* \* \*

(f) \* \* \* Subpart G of this part also provides rules relating to the deposit of other taxes by electronic funds transfer.

Par. 13. In §31.6302-1, paragraph (h) is redesignated as paragraph (i), and new paragraph (h) is added to read as follows:

*§31.6302-1 Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA) attributable to payments made after December 31, 1992.*

\* \* \* \* \*

(h) *Time and manner of deposit—deposits required to be made by electronic funds transfer—(1) In general.* Section 6302(h) requires the Secretary to prescribe such regulations as may be necessary for the development and implementation of an electronic funds transfer system to be used for the collection of the depository taxes as described in paragraph (h)(3) of this section. Section 6302(h)(2) provides a phase-in schedule that sets forth escalating minimum percentages of those depository taxes to be deposited by electronic funds transfer. This paragraph (h) prescribes the rules necessary for implementing an electronic funds transfer system for collection of depository taxes and for effecting an orderly and expeditious phase-in of that system.

(2) *Threshold amounts, determination periods, and effective dates.* (i)(A) Taxpayers whose aggregate deposits of the taxes imposed by Chapters 21 (Federal Insurance Contributions Act), 22 (Railroad Retirement Tax Act), and 24 (Collection of Income Tax at Source on Wages) of the Internal Revenue Code during a 12-month determination period exceed the applicable threshold amount are required to deposit all depository taxes described in paragraph (h)(3) of this section by electronic funds transfer (as defined in paragraph (h)(4) of this section) unless exempted under paragraph (h)(5) of this section. If the applicable effective date is January 1, 1995, or January 1, 1996, the requirement to deposit by electronic funds transfer applies to all deposits required to be made on or after the applicable effective date. If the applicable effective date is July 1, 1997, the requirement to deposit by electronic funds transfer applies to all deposits required to be made on or after July 1, 1997 with respect to deposit obligations incurred for return periods beginning on or after January 1, 1997. If the

applicable effective date is January 1, 1998, or thereafter, the requirement to deposit by electronic funds transfer applies to all deposits required to be made with respect to deposit obligations incurred for return periods beginning on or after the applicable effective date. In general, each applicable effective date has one 12-month determination period. However, for the applicable effective date January 1, 1996, there are two determination periods. If the applicable threshold amount is exceeded in either of those determination periods, the taxpayer becomes subject to the requirement to deposit by electronic funds transfer, effective January 1, 1996. The threshold amounts, determination periods and applicable effective dates for purposes of this paragraph (h)(2)(i)(A) are as follows:

<i>Threshold Amount</i>	<i>Determination Period</i>	<i>Applicable Effective Date</i>
\$78 million	1-1-93 to 12-31-93	January 1, 1995
\$47 million	1-1-93 to 12-31-93	January 1, 1996
\$47 million	1-1-94 to 12-31-94	January 1, 1996
\$50 thousand	1-1-95 to 12-31-95	July 1, 1997
\$50 thousand	1-1-96 to 12-31-96	January 1, 1998
\$50 thousand	1-1-97 to 12-31-97	January 1, 1999

(B) Unless exempted under paragraph (h)(5) of this section, a taxpayer that does not deposit any of the taxes imposed by chapters 21, 22, and 24 during the applicable determination periods set forth in paragraph (h)(2)(i)(A) of this section, but that does make deposits of other depository taxes (as described in paragraph (h)(3) of this section), is nevertheless subject to the requirement to deposit by electronic funds transfer if the taxpayer's aggregate deposits of all depository taxes exceed the threshold amount set forth in this paragraph (h)(2)(i)(B) during an applicable 12-month determination period. This requirement to deposit by electronic funds transfer applies to all depository taxes due with respect to deposit obligations incurred for return periods beginning on or after the applicable effective date. The threshold amount, determination periods, and applicable effective dates for purposes of this paragraph (h)(2)(i)(B) are as follows:

<i>Threshold Amount</i>	<i>Determination Period</i>	<i>Applicable Effective Date</i>
\$50 thousand	1-1-95 to 12-31-95	January 1, 1998
\$50 thousand	1-1-96 to 12-31-96	January 1, 1998
\$50 thousand	1-1-97 to 12-31-97	January 1, 1999

(ii) Once a taxpayer is required to deposit by electronic funds transfer pursuant to this paragraph (h)(2), the taxpayer must continue to deposit by electronic funds transfer. Until such time as a taxpayer is required by this section to deposit by electronic funds transfer, the taxpayer may voluntarily make deposits by electronic funds transfer, but remains subject to the rules of paragraph (i) of this section, pertaining to deposits by Federal tax deposit (FTD) coupon, in making deposits other than by electronic funds transfer.

(3) *Taxes required to be deposited by electronic funds transfer.* The requirement to deposit by electronic funds transfer under paragraph (h)(2) of this section applies to all the taxes required to be deposited under §§1.6302-1, 1.6302-2, and 1.6302-3 of this chapter; §§31.6302-1,

31.6302-2, 31.6302-3, 31.6302-4, and 31.6302(c)-3; and §40.6302(c)-1 of this chapter.

(4) *Definitions—(i) Electronic funds transfer.* An *electronic funds transfer* is any transfer of depository taxes made in accordance with Revenue Procedure 97-33, (1997-30 I.R.B.), (see §601.601(d)(2) of this chapter), or in accordance with procedures subsequently prescribed by the Commissioner.

(ii) *Taxpayer.* For purposes of this section, a *taxpayer* is any person required to deposit federal taxes, including not only individuals, but also any trust, estate, partnership, association, company or corporation.

(5) *Exemptions.* If any categories of taxpayers are to be exempted from the requirement to deposit by electronic funds transfer, the Commissioner will identify those taxpayers by guidance published in the Internal Revenue Bulletin. (See §601.601(d)(2)(ii)(b) of this chapter.)

(6) *Separation of deposits.* A deposit for one return period must be made separately from a deposit for another return period.

(7) *Payment of balance due.* If the aggregate amount of taxes reportable on the applicable tax return for the return period exceeds the total amount deposited by the taxpayer with regard to the return period, then the balance due must be remitted in accordance with the applicable form and instructions.

(8) *Time deemed deposited.* A deposit of taxes by electronic funds transfer will be deemed made when the amount is withdrawn from the taxpayer's account, provided the U.S. Government is the payee and the amount is not returned or reversed.

(9) *Time deemed paid.* In general, an amount deposited under this paragraph (h) will be considered to be a payment of tax on the last day prescribed for filing the applicable return for the return period (determined without regard to any extension of time for filing the return) or, if later, at the time deemed deposited under paragraph (h)(8) of this section. In the case of the taxes imposed by chapters 21 and 24 of the Internal Revenue Code, solely for purposes of section 6511 and the regulations thereunder (relating to the period of limitation on credit or refund), if an amount is deposited prior to April 15th of the calendar year immediately succeeding the calendar year that includes the period for which the amount was deposited, the amount will be considered paid on April 15th.

\* \* \* \* \*

**§31.6302-1T [Removed]**

Par. 14. Section 31.6302-1T is removed.

Par. 15. Section 31.6302(c)-3 is amended as follows:

1. The heading for paragraph (b) is revised.
2. Paragraph (c) is revised.

3. Paragraph (d) is added.

The revised and added provisions read as follows:

*§31.6302(c)-3 Use of Government depositaries in connection with tax under the Federal Unemployment Tax Act.*

\* \* \* \* \*

(b) *Manner of deposit—deposits required to be made by Federal tax deposit (FTD) coupon.* \* \* \*

(c) *Manner of deposit—deposits required to be made by electronic funds transfer.* For the requirement to deposit tax under the Federal Unemployment Tax Act by electronic funds transfer, see §31.6302-1(h). A taxpayer not required to deposit by electronic funds transfer pursuant to §31.6302-1(h) remains subject to the rules of paragraph (b) of this section.

(d) *Effective date.* The provisions of paragraphs (a) and (b) of this section apply with respect to calendar quarters beginning after December 31, 1969. The provisions of paragraph (c) of this section apply with respect to calendar quarters beginning on or after January 1, 1995.

**§31.6302(c)-3T [Removed]**

Par. 16. Section 31.6302(c)-3T is removed.

**PART 40—EXCISE TAX PROCEDURAL REGULATIONS**

Par. 17. The authority citation for part 40 is amended by revising the entry for “Sections 40.6302(c)-1, 40.6302(c)-2, 40.6302(c)-3, and 40.6302(c)-4” and removing the entry for “Section 40.6302(c)-1T” to read as follows:

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

Section 40.6302(c)-1 also issued under 26 U.S.C. 6302(a) and (h). Sections 40.6302(c)-2, 40.6302(c)-3, and 40.6302(c)-4 also issued under 26 U.S.C. 6302(a).

Par. 18. Section 40.6302(c)-1 is amended as follows:

1. The text of paragraph (d) is redesignated paragraph (d)(1) and a paragraph heading is added for (d)(1).

2. Paragraph (d)(2) is added.

The added provisions read as follows:

*§40.6302(c)-1 Use of Government depositaries.*

\* \* \* \* \*

(d) *Remittance of deposits—(1) Deposits by Federal tax deposit coupon.* \* \* \*

(2) *Deposits by electronic funds transfer.* For the requirement to deposit excise taxes by electronic funds transfer, see §31.6302-1(h) of this chapter. A taxpayer not required to deposit by electronic funds transfer pursuant to §31.6302-1(h) of this chapter remains subject to the rules of this paragraph (d). \* \* \* \* \*

**§40.6302(c)-1T [Removed]**

Par. 19. Section 40.6302(c)-1T is removed.

Michael P. Dolan,  
Acting Commissioner  
of Internal Revenue.

Approved June 27, 1997.

Donald C. Lubick,  
Acting Assistant Secretary  
of the Treasury.

(Filed by the Office of the Federal Register on July 11, 1997, 8:45 a.m., and published in the issue of the Federal Register for July 14, 1997, 62 F.R. 37490)

26 CFR 31.6302-1: Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA) attributable to payments made after December 31, 1992.

Information is provided to taxpayers about the Electronic Federal Tax Payment System (EFTPS). EFTPS is an electronic remittance system for making federal tax deposits and federal tax payments.

## Part III. Administrative, Procedural, and Miscellaneous

### Electronic Funds Transfer — Temporary Waiver of Failure-To- Deposit Penalty for Certain Tax- payers and Request for Com- ments on Future Guidance

Notice 97-43

This notice provides guidance relating to the waiver of penalties announced in News Release IR-97-32, issued June 2, 1997. In IR-97-32, the Internal Revenue Service announced that it will waive the failure to deposit penalty under § 6656 of the Internal Revenue Code for certain taxpayers first required to make federal tax deposits by electronic funds transfer on or after July 1, 1997. This notice also requests comments regarding possible alternatives for future amendments to § 31.6302-1(h) of the *Employment Taxes and Collection of Income Tax at Source Regulations* with respect to the requirement to deposit by electronic funds transfer for periods beginning after 1999.

#### *Background*

Section 6302(h)(1)(A) provides that the Secretary will prescribe regulations necessary for the development and implementation of an electronic funds transfer system for the collection of depository taxes. Section 6302(h)(2) provides a phase-in schedule for the new system.

Section 31.6302-1(h) prescribes rules for implementing an electronic funds transfer system for the collection of depository taxes. Under the regulation, taxpayers are required to deposit taxes by electronic funds transfer if the amount of their depository taxes in a specified earlier year exceeds the applicable threshold amount. The regulation provides that taxpayers with more than \$50,000 of federal employment tax deposits in calendar year 1995 must use electronic funds transfer to make deposits that are due on or after July 1, 1997 and relate to return periods beginning on or after January 1, 1997. For example, a corporation to which this rule applies, and which files its income tax returns on a calendar year basis, must use electronic funds transfer to make corporate and estimated income tax deposits that are due on or after July 1, 1997. Therefore, the corporation's September

15, 1997, and subsequent estimated tax payments must be made by electronic funds transfer.

Section 6656(a) provides that in the case of any failure by any person to deposit taxes on the prescribed date in an authorized government depository, a penalty applies unless the failure is due to reasonable cause and not due to willful neglect. Rev. Rul. 95-68, 1995-2 C.B. 272, provides that, absent reasonable cause, a taxpayer that is required to deposit federal taxes by electronic funds transfer is subject to the 10 percent failure to deposit penalty if the taxpayer deposits the taxes by means other than electronic funds transfer.

#### *Temporary Waiver of Penalty for Certain Taxpayers*

Although taxpayers with more than \$50,000 of federal employment tax deposits in calendar year 1995 are required to make federal tax deposits electronically on and after July 1, 1997, the Service will not impose the 10 percent § 6656 penalty solely for the failure to make those deposits by electronic funds transfer. However, a taxpayer will remain liable for the failure to deposit penalty under § 6656 (absent reasonable cause) if the taxpayer fails to make a required deposit (using either electronic funds transfer or paper coupons) in a timely manner.

This waiver of the failure to deposit penalty applies only to deposit obligations incurred on or before December 31, 1997. The penalty waiver includes deposits made after December 31, 1997, so long as the deposit obligation was incurred on or before December 31, 1997.

This waiver of the failure to deposit penalty does not apply to taxpayers that were required to begin using electronic funds transfer in 1995 or 1996.

#### *Request for Comments on Future Guidance*

Under § 31.6302-1(h), taxpayers that are not currently required to use electronic funds transfer must begin making federal tax deposits electronically in 1999 if they exceed a \$50,000 threshold in 1997. Currently, § 31.6302-1(h) provides no requirement that a new or growing taxpayer that exceeds \$50,000 in annual deposits only after 1997 use electronic funds

transfer. In addition, a taxpayer that deposits employment taxes but never exceeds \$50,000 a year in employment tax deposits is not currently required to use electronic funds transfer even if its deposits of other taxes have exceeded \$50,000 per year. The Service and Treasury Department intend to develop regulations that will address these matters. At this time, two options are being considered.

The first option would be a two-pronged test. If during a calendar year determination period the taxpayer deposits more than \$50,000 of the employment taxes imposed by chapters 21, 22, and 24, or more than \$50,000 of other depository taxes, the taxpayer becomes subject to the requirement to deposit electronically in the second succeeding calendar year.

The second option would be an aggregate deposits test. If during a calendar year determination period the taxpayer's aggregate deposits of all depository taxes exceed \$50,000, the taxpayer becomes subject to the requirement to deposit electronically in the second succeeding calendar year.

The Service and Treasury Department invite public comment on these two options and also welcome any suggestions for a different future rule. Comments and suggestions are requested by October 10, 1997. An original and eight copies of written comments should be sent to:

Internal Revenue Service  
Attn: CC:DOM:CORP:R  
Room 5228 (IT&A:Br4)  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044,

or hand delivered between the hours of 8:00 a.m. and 5:00 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attn: CC:DOM:CORP:R  
Room 5228 (IT&A:Br4)  
1111 Constitution Ave., NW  
Washington, DC

Alternatively, comments may be submitted electronically via the Service's Internet site at "[http://www.irs.ustreas.gov/prod/tax\\_regs/comments.html](http://www.irs.ustreas.gov/prod/tax_regs/comments.html)". All comments will be available for public inspection and copying in their entirety.

*For Further Information on Electronic Funds Transfer*

For information on the Treasury's electronic funds transfer system — the Electronic Federal Tax Payment System (EFTPS) — or to get a form to enroll in EFTPS, call either of the two Treasury Financial Agents for EFTPS at (800) 945-8400 or (800) 555-4477. Taxpayers may also request enrollment forms by calling the Service Distribution Center at (800) 829-3676.

*Drafting Information*

The principal author of this notice is Robert J. Basso of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding the penalty waiver, contact Mr. Basso. For further information regarding the comments on future guidance, contact Vincent G. Surabian. Both can be contacted at (202) 622-4940 (not a toll-free call).

26 CFR 601.602: Tax Forms and Instructions. (Also Part I, § 6302; 31.6302-1.)

Rev. Proc. 97-33

CONTENTS

SECTION 1 PURPOSE  
SECTION 2 BACKGROUND  
SECTION 3 DEFINITIONS  
SECTION 4 ENROLLMENT  
SECTION 5 ASSIGNMENT TO A FINANCIAL AGENT  
SECTION 6 TIMELY INITIATION OF FTD OR FTP  
SECTION 7 ACH DEBIT ENTRY  
SECTION 8 ACH CREDIT ENTRY  
SECTION 9 ELECTRONIC TAX APPLICATION (ETA)  
SECTION 10 PROOF OF PAYMENT  
SECTION 11 REFUNDS  
SECTION 12 ENROLLMENT FORMS AND ADDITIONAL INFORMATION ABOUT EFTPS  
SECTION 13 EFFECT ON OTHER DOCUMENTS  
SECTION 14 EFFECTIVE DATE

SECTION 15 INTERNAL REVENUE SERVICE OFFICE CONTACT

SECTION 16 PAPERWORK REDUCTION ACT

SECTION 1. PURPOSE

This revenue procedure provides taxpayers with information about the Electronic Federal Tax Payment System (EFTPS). EFTPS is an electronic remittance processing system for making federal tax deposits (FTDs) and federal tax payments (FTPs). EFTPS is the successor electronic funds transfer (EFT) system to TAXLINK described in Rev. Proc. 94-48, 1994-2 C.B. 694.

SECTION 2. BACKGROUND

.01 Section 6302(c) of the Internal Revenue Code provides that the Secretary of the Treasury (Secretary) may authorize Federal Reserve banks, and incorporated banks and other financial institutions that are depositories or financial agents of the United States, to receive any tax imposed under the internal revenue laws, in such manner, at such times, and under such conditions as the Secretary may prescribe. Section 6302(c) also provides that the Secretary shall prescribe the manner, times, and conditions under which the receipt of such tax by such banks and other financial institutions is to be treated as a payment of such tax to the Secretary.

.02 Section 6302(h) requires the Secretary to establish an EFT system to collect the FTDs of certain taxpayers. TAXLINK and its successor, EFTPS, are the EFT systems developed by the Secretary to collect federal taxes. The TAXLINK system will terminate on July 15, 1997. All taxpayers making FTDs or FTPs by EFT must use EFTPS after July 15, 1997.

.03 Some taxpayers are required by regulations issued under § 6302(h) to make FTDs using an EFT system. See § 31.6302-1(h)(2)(i)(A) of the Employment Taxes and Collection of Income Tax at Source Regulations. Taxpayers not required to make FTDs using an EFT system may choose to do so voluntarily. Taxpayers also may choose to make FTPs using EFTPS.

.04 All taxpayers participating in EFTPS must comply with this revenue procedure.

.05 The two primary payment options in EFTPS are an Automated Clearing House (ACH) debit entry and an ACH credit entry. Taxpayers may also use the Electronic Tax Application (ETA) to accommodate their business requirements and meet their FTD and FTP obligations. These payment options are described in sections 7, 8, and 9 of this revenue procedure.

.06 Taxpayers participating in EFTPS must ensure that their funds are remitted on a timely basis. See § 31.6302-1(h)(8) for rules regarding when an FTD remitted by EFT is deemed made. In the case of FTPs remitted by EFT, see § 31.6302-1(h)(9) for rules regarding when the tax is deemed paid.

.07 A taxpayer required by regulations to make an FTD by EFT may not use Form 8109, Federal Tax Deposit Coupon, to make an FTD. If the taxpayer is unable to make a timely FTD using an ACH debit entry or an ACH credit entry, the taxpayer may use ETA to make a timely FTD. If a taxpayer is a voluntary participant in EFTPS (i.e., a participant not required by regulations to make an FTD by EFT) and is unable, for any reason, to make an FTD using EFTPS or chooses not to use EFTPS to make an FTD, the taxpayer may make a timely FTD by using Form 8109.

.08 If an FTD is late, the taxpayer is subject to the penalty for failure to timely deposit unless the taxpayer establishes reasonable cause for that failure. See Rev. Rul. 94-46, 1994-2 C.B. 278.

.09 EFTPS does not change the computation of tax liability, interest or penalties, or FTD or FTP due dates.

SECTION 3. DEFINITIONS

.01 The definitions provided in this section will be used for EFTPS.

.02 AUTOMATED CLEARING HOUSE (ACH). "Automated Clearing House" is a funds transfer system, governed by the ACH Rules (the Operating Rules and the Operating Guidelines published by National Automated Clearing House Association (NACHA)), that provides for the interbank clearing of electronic entries for participating financial institutions.

.03 ACH CREDIT ENTRY. An "ACH credit entry" is a transaction in which a financial institution, upon instructions from a taxpayer, originates an FTD or FTP to the appropriate Department of the Tr e a-

sury (Treasury) account through the ACH system. See section 8 of this revenue procedure for a description of an ACH credit entry.

.04 ACH DEBIT ENTRY. An “ACH debit entry” is a transaction in which one of the Treasury Financial Agents, upon instructions from a taxpayer, instructs the taxpayer’s financial institution to withdraw funds from the taxpayer’s account for an FTD or FTP and to route the FTD or FTP to the appropriate Treasury account through the ACH system. See section 7 of this revenue procedure for a description of an ACH debit entry.

.05 CASH CONCENTRATION OR DISBURSEMENT+ TAX PAYMENT ADDENDARECORD (CCD+ TXP). The “CCD+ TXP” is NACHA’s tax payment convention that will be used to facilitate the transmission of the tax payment information associated with an ACH credit entry to the appropriate Financial Agent. This convention consists of the CCD+ electronic funds transfer transaction and an addenda record for tax payments identified by the three characters, “TXP”. The ACH TX Paddenda record includes the Taxpayer Identification Number (TIN) (*i.e.*, Employer Identification Number (EIN), IRS Individual Taxpayer Identification Number (ITIN), or Social Security Number (SSN)), the tax type code, the tax period end date, and the FTD or FTP amount.

.06 ELECTRONIC FUNDS TRANSFER (EFT). An “EFT” is any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution or other financial intermediary to debit or credit an account.

.07 ELECTRONIC TAX APPLICATION (ETA). “ETA” (also referred to as “Same Day Payment”) is a subsystem of EFTPS that receives, processes, and transmits an FTD or an FTP and the related tax payment information for taxpayers that make same day payments through Fedwire value transfers, Fedwire non-value transactions, and Direct Access transactions. See section 9 of this revenue procedure for information on the ETAProcess. For more information about ETA payments, taxpayers should contact their financial institutions.

.08 EMPLOYER IDENTIFICATION NUMBER (EIN). An “EIN” is a unique nine digit taxpayer identifying number issued by the Internal Revenue Service to business taxpayers for the purpose of reporting tax related information.

.09 FEDERAL RESERVE BANK (FRB). The “FRB” is the U.S. Government’s fiscal agent. The FRB also processes ACH transactions to a commercial financial institution account or to a Treasury account.

.10 FRB HEAD OFFICE LOCAL ZONE TIME. “FRB Head Office Local Zone Time” is the local zone time of the FRB head office through which a financial institution, or its authorized correspondent bank, sends a same-day payment.

.11 FINANCIAL AGENT. For purposes of EFTPS, a “Financial Agent” (also referred to as a “Treasury Financial Agent”) is a financial institution that is designated as an agent of Treasury. The Secretary has designated NationsBank and First National Bank of Chicago (First Chicago) to be the Financial Agents for EFTPS. A Financial Agent processes EFTPS enrollments, receives FTD and FTP information, originates ACH debit entries upon instructions from taxpayers, and provides customer service assistance for EFTPS enrollment and payment information.

.12 IRS INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER (ITIN). An “ITIN” is a taxpayer identifying number issued by the Service to an alien individual who is ineligible to receive an SSN for the purpose of reporting tax related information.

.13 PRENOTIFICATION ACH CREDIT. “Prenotification ACH credit” is a process whereby a taxpayer’s financial institution originates a zero dollar entry to the appropriate Treasury Routing Transit Number (RTN) to verify the Treasury RTN, the Treasury’s account number, and the taxpayer’s TIN. See section 8.02 of this revenue procedure.

.14 PRENOTIFICATION ACH DEBIT. “Prenotification ACH debit” is a process whereby the appropriate Financial Agent originates a zero dollar entry to the taxpayer’s financial institution to verify the RTN of the taxpayer’s financial institution, the taxpayer’s account number, and the account type. See section 4.03 of this revenue procedure.

.15 TAXPAYER IDENTIFICATION NUMBER (TIN). A “TIN” is a taxpayer identifying number assigned to a taxpayer for the purpose of reporting tax related information. ATIN includes an EIN, ITIN, or SSN.

#### SECTION 4. ENROLLMENT

.01 An EFTPS applicant should submit its completed Form 9779, EFTPS Business Enrollment Form, or Form 9783, EFTPS Individual Enrollment Form, to the EFTPS Enrollment Processing Center at the address provided in the applicable form instructions at least ten weeks in advance of the first FTD or FTP due date for which it intends to use EFTPS. As part of completing the enrollment form, the taxpayer may choose to use the ACH debit entry and/or ACH credit entry payment option(s). See section 7 of this revenue procedure for information on the ACH debit entry payment option, and section 8 for information on the ACH credit entry payment option.

.02 A taxpayer may request an enrollment form by calling a Financial Agent at one of the numbers listed in section 12.01 of this revenue procedure or the IRS Distribution Center at (800) TAX – FORM ((800) 829–3676). A taxpayer should request an enrollment form at least four weeks in advance of the time the form needs to be submitted.

.03 The Financial Agent will verify the accuracy of the enrollment information and enter the verified enrollment information in its enrollment record database. As part of the verification process for those taxpayers who choose the ACH debit entry, the Financial Agent will originate a prenotification ACH debit.

.04 When the enrollment process is completed, the Financial Agent will notify the taxpayer that it is enrolled in EFTPS by sending the taxpayer a Form 9787, Business Confirmation/Update Form, or Form 9789, Individual Confirmation/Update Form and an EFTPS Payment Instruction Booklet that will contain information on ACH credit and debit transactions, and information on ETA under the heading “Same Day Payments.” A Personal Identification Number (PIN) will be mailed to the taxpayer separately from the enrollment confirmation package.

.05 If a taxpayer attempts to make an FTD or FTP through EFTPS before the taxpayer receives Form 9787 or Form 9789, the FTD or FTP generally will be rejected

and the taxpayer may be subject to a penalty for a late FTD or FTP. Further, a taxpayer cannot make an FTD or FTP using an ACH debit transaction without a PIN.

## SECTION 5. ASSIGNMENT TO A FINANCIAL AGENT

Each Financial Agent has responsibility for certain geographic locations as listed below. A taxpayer's assignment to a Financial Agent is based on the location of the principal financial institution that will be electronically transmitting FTDs and/or FTPs for the taxpayer.

<i>NationsBank</i> (800) 555-4477	<i>First Chicago</i> (800) 945-8400
Alabama	Alaska
American Samoa	California (except Los Angeles, Orange, San Bernardino, Riverside, San Diego, and Imperial counties only)
Arizona	Colorado
Arkansas	Connecticut
California (Los Angeles, Orange, San Bernardino, Riverside, San Diego, and Imperial counties only)	Hawaii
Commonwealth of the Northern Mariana Islands	Idaho
Commonwealth of Puerto Rico	Illinois
Delaware	Indiana
District of Columbia	Iowa
Florida	Kansas
Georgia	Maine
Guam	Massachusetts
Kentucky	Michigan
Louisiana	Minnesota
Maryland	Missouri
Mississippi	Montana
Nevada	Nebraska
New Mexico	New Hampshire
North Carolina	New Jersey
Ohio	New York
Oklahoma	North Dakota
Pennsylvania	Oregon
South Carolina	Rhode Island
Tennessee	South Dakota
Texas	Utah
Virgin Islands	Vermont
Virginia	Washington
West Virginia	Wisconsin
	Wyoming
	Foreign countries

## SECTION 6. TIMELY INITIATION OF FTD OR FTP

.01 A taxpayer must ensure that the FTD or FTP is timely made. Publication

509, Tax Calendars, lists the due dates for FTDs and FTPs.

.02 A taxpayer choosing the ACH debit entry payment option may access the EFTPS Voice Response System 24 hours a day, seven days a week, or use the PC Tax Payment software application. However, the taxpayer must initiate its ACH debit entry payment before 8:00 p.m. Eastern Time of the last business day prior to the FTD or FTP due date.

.03 A taxpayer choosing the ACH credit entry payment option must determine whether its financial institution offers the ACH credit entry payment option and when the taxpayer must initiate an ACH credit entry that will settle on or before the FTD or FTP due date.

## SECTION 7. ACH DEBIT ENTRY

.01 To initiate a timely ACH debit entry, a taxpayer must contact the Financial Agent by 8:00 p.m. Eastern time of the last business day prior to the FTD or FTP due date. A business taxpayer may arrange an ACH debit entry up to 30 calendar days in advance of the due date. An individual taxpayer may arrange an ACH debit entry up to 105 calendar days in advance of the due date.

.02 In order to initiate an ACH debit entry, a taxpayer must furnish the Financial Agent with the taxpayer's TIN and PIN. The Service does not have access to the taxpayer's PIN and, therefore, cannot initiate an ACH debit entry from the taxpayer's account.

.03 After a taxpayer initiates an ACH debit entry, the Financial Agent will validate the payment information and issue an acknowledgment number to the taxpayer. The acknowledgment number verifies when the necessary payment information was received by a Financial Agent but does not constitute proof of payment. See section 10 of this revenue procedure regarding proof of payment.

.04 Pursuant to the taxpayer's instructions, the Financial Agent, on the date designated by the taxpayer, will instruct the taxpayer's financial institution to originate the transfer of funds from the taxpayer's account to the appropriate Treasury account. The Financial Agent also will transmit the related payment data, supplied by the taxpayer, to the Service for posting to the taxpayer's account(s).

.05 The Service will deem an ACH debit entry to have been made at the time of the debit (*i.e.*, when the amount is withdrawn from the taxpayer's account and not returned or reversed).

.06 When a timely ACH debit entry cannot be made, a taxpayer may instruct the Financial Agent to complete the transaction at the next opportunity to submit an ACH debit entry. The taxpayer may also use the ACH credit entry payment option or ETA. See section 8 of this revenue procedure regarding the use of an ACH credit entry and section 9 regarding the use of ETA. A taxpayer that is not required to use EFT for FTDs may use the paper FTD coupon system. To avoid penalties, the FTD or FTP must be received by an appropriate means on or before the FTD or FTP due date.

.07 The ACH Rules will govern ACH debit entry returns and reversals.

## SECTION 8. ACH CREDIT ENTRY

.01 If a taxpayer chooses the ACH credit entry payment option to make an FTD or FTP, the taxpayer may use any financial institution capable of originating an ACH credit entry.

.02 For each TIN used by a taxpayer in making an FTD or FTP by an ACH credit entry, the taxpayer should request that its financial institution originate a prenotification ACH credit. See section 3.13 of this revenue procedure. The taxpayer's financial institution should not originate an ACH credit entry until the financial institution has successfully completed the prenotification process. A prenotification ACH credit will verify the taxpayer information in the TXP addenda record, thereby minimizing the possibility that an ACH credit entry will be rejected.

.03 If the prenotification ACH credit is rejected, the financial institution should not originate an ACH credit entry for the taxpayer until the financial institution has successfully completed the prenotification process.

.04 To initiate a timely ACH credit entry, a taxpayer must take into account its financial institution's deadline for originating an ACH credit entry.

.05 If the taxpayer timely and accurately requests an ACH credit entry, the taxpayer's financial institution is responsible for the timely origination of the ACH credit entry with the appropriate

Treasury account number and the correct format.

.06 When a timely ACH credit entry cannot be made, a taxpayer may instruct the financial institution to complete the transaction at the next opportunity to submit an ACH credit entry or use ETA. The taxpayer may also initiate an ACH debit entry if enrolled for that payment option. See section 7 of this revenue procedure regarding the use of an ACH debit entry and section 9 regarding the use of ETA. A taxpayer that is not required to use EFT for FTDs may use the paper FTD coupon system. To avoid penalties, the FTD or FTP must be received by an appropriate means on or before the FTD or FTP due date.

.07 The Financial Agent will receive and process the ACH credit entry information. The Financial Agent will compare the transaction's remittance detail in the CCD+ T X P addenda with the taxpayer's enrollment record data. If they match, the Financial Agent will send the FTD or FTP information to the Service for posting to the taxpayer's account(s).

.08 If the Financial Agent cannot identify the taxpayer, the ACH credit entry will be returned to the originating financial institution.

.09 Failure to provide correct, complete, and properly formatted information may cause an ACH credit entry to be returned. In the event of a return, a taxpayer may instruct the financial institution to submit a corrected ACH credit entry at the next opportunity or use ETA. The taxpayer may also initiate an ACH debit entry if enrolled for that payment option. A taxpayer that is not required to use EFT may also use the paper FTD coupon system.

.10 An ACH credit entry that is not returned or reversed will be deemed made at the time that the funds are paid into the appropriate Treasury account.

.11 The ACH Rules will govern ACH credit entry returns and reversals.

## SECTION 9. ELECTRONIC TAX APPLICATION (ETA)

.01 Taxpayers may use ETA (as defined in section 3.07) to make a timely FTD or FTP. Taxpayers should contact their financial institution to determine if the financial institution is capable of making an ETApayment.

.02 After the EFTPS enrollment process is completed, the Financial Agent will send the taxpayer an EFTPS Payment Instruction Booklet that includes additional ETA information under the heading "Same Day Payments."

.03 The Service generally will deem an ETA payment to have been made on the date the payment is received by the FRB. Taxpayers should contact their financial institutions to determine their deadline for initiating ETA payments for a particular day. ETA payments received by the FRB after the deadline set forth in the Treasury Financial Manual, Volume IV (IV TFM), will be recorded as received the following business day. Currently, the deadline in IV TFM is 2:00 p.m. FRB Head Office Local Zone Time. If a payment is not accepted, the payment must be re-originated using ETA or any other permissible payment method.

## SECTION 10. PROOF OF PAYMENT

.01 For an ACH debit or credit entry, a statement prepared by the taxpayer's financial institution showing a transfer (that is, a decrease to the taxpayer's account balance) will be accepted as proof of payment if the statement:

(1) shows the amount and the date of the transfer; and

(2) identifies the U.S. Government as the payee.

.02 For an ETApayment, taxpayers may request that their financial institution obtain a statement from the FRB that executed the transfer. This statement will be accepted as proof of payment if the statement:

(1) shows the amount and the date of the transfer; and

(2) identifies the U.S. Government as the payee.

.03 For purposes of this section, statements prepared by a financial institution include statements prepared by a third party that is contractually obligated to prepare statements for the financial institution.

## SECTION 11. REFUNDS

No refunds of FTDs or FTPs will be made through EFTPS. However, a refund request may be made using existing tax refund procedures. If a taxpayer's error results in a significant hardship, the taxpayer may contact the Service at (800) 829-1040 for assistance.

## SECTION 12. ENROLLMENT FORMS AND ADDITIONAL INFORMATION ABOUT EFTPS

.01 Taxpayers may obtain enrollment forms and additional information by calling EFTPS Customer Service at (800) 945-8400 (First Chicago) or (800) 555-4477 (NationsBank). Taxpayers may also request enrollment forms by calling the IRS Distribution Center at (800) TAX-FORM ((800) 829-3676).

.02 Financial institutions that would like additional information about EFTPS may write to:

Financial Services Division  
Financial Management Service  
401 14th Street, SW, 3rd Floor  
Washington, DC 20227

or may call (202) 874-6580 (not a toll-free number).

## SECTION 13. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 94-48 is obsoleted for FTDs or FTPs made after July 15, 1997.

## SECTION 14. EFFECTIVE DATE

This revenue procedure is effective on July 11, 1997.

## SECTION 15. PAPERWORK REDUCTION ACT

The collections of information contained in this revenue procedure have 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 1545-1546.

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 control number.

The collections of information in this revenue procedure are in section 10 of this revenue procedure. This information is required to implement EFTPS, and verify that taxpayers have met their obligations to pay their taxes and make FTDs by EFT. This information will be used to credit taxpayers' accounts for FTDs and FTPs made through EFTPS. The collections of information in section 10 of this revenue procedure are mandatory. The likely respondents are individuals, state or local governments, farms, business or other

for-profit institutions, federal agencies or employees, nonprofit institutions, and small businesses or organizations.

In 1999, the estimated total annual reporting and recordkeeping burden will be 690,000 hours.

The estimated annual burden per respondent and recordkeeper will vary from 15 minutes to 45 minutes, depending on individual circumstances, with an estimated average of 30 minutes. The estimated number of respondents and recordkeepers is 1,380,000.

The estimated annual frequency of responses is on occasion.

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.

**NOTE:**

Following is a list of related instructions and forms for filing Information Returns Magnetically/Electronically:

- ▶ 1997 Instructions for Forms 1099, 1098, 5498, and W-2G
- ▶ Form 4419 — Application for Filing Information Returns Magnetically/Electronically
- ▶ Form 4804 — Transmittal of Information Returns Reported Magnetically/Electronically
- ▶ Form 4802 — Transmittal of Information Returns Reported Magnetically/Electronically (*Continuation*)
- ▶ Form 8508 — Request for Waiver From Filing Information Returns on Magnetic Media (Forms W-2, W-2G, 1042-S, 1099 Series, 5498, and 8027)
- ▶ Form 8809 - Request for Extension of Time To File Information Returns (For Forms W-2, W-2G, 1042-S, 1098, 1099, and 5498)
- ▶ Notice 210 — Preparation Instructions for Media Label

Rev. Proc. 97-34

Use this revenue procedure to prepare Tax Year 1997 information returns for submission to Internal Revenue Service (IRS) using any of the following:

- Magnetic Tape
- Tape Cartridge
- 8mm, 4mm, and Quarter Inch Cartridges
- 5 1/4-inch Diskette
- 3 1/2-inch Diskette
- Electronic Filing
  - (Bisynchronous)
  - (Asynchronous)

**Caution to filers:**

Format changes to accommodate Year 2000 will occur for TY98 in calendar year 1999.

Treasury has mandated that all electronic year dates exchanged with non-IRS organizations, both government and private, both input and output, shall adhere to the following:

- All Gregorian date formats will be in the format 'YYYYMMDD'.
- All other year date formats (e.g., Julian, Tax Period, Cycle Dates) will expand representations from 2-digit year to 4-digit year: 'YYYY'.

In compliance with Year 2000 changes, the current bisynchronous electronic filing communications package will be changed in the future.

Please read this publication carefully. Persons or businesses required to file information returns may be subject to penalties for failure to file or include correct information if they do not follow the instructions in this revenue procedure.

**Table of Contents**

**Part A. General**

- Section 1. Purpose
- Section 2. Nature of Changes - Current Year (Tax Year 1997)
- Section 3. Where to File and How to Contact the IRS, Martinsburg Computing Center
- Section 4. Filing Requirements
- Section 5. Form 8508, Request for Waiver from Filing Information Returns on Magnetic Media
- Section 6. Vendor List
- Section 7. Form 4419, Application for Filing Information Returns Magnetically/Electronically
- Section 8. Test Files
- Section 9. Filing of Information Re-

turns Magnetically/Electronically and Retention Requirements

- Section 10. Due Dates
- Section 11. Extensions of Time
- Section 12. Processing of Information Returns Magnetically/Electronically
- Section 13. Corrected Returns
- Section 14. Taxpayer Identification Number (TIN)
- Section 15. Effect on Paper Returns and Statements to Recipients
- Section 16. Combined Federal/State Filing Program
- Section 17. Definition of Terms
- Section 18. State Abbreviations
- Section 19. Major Problems Encountered

**Part B. Magnetic Media Specifications**

- Section 1. General
- Section 2. Tape Specifications
- Section 3. Tape Cartridge Specifications
- Section 4. 8mm, 4mm, and Quarter Inch Cartridge Specifications
- Section 5. 5 1/4-inch and 3 1/2-inch Diskette Specifications
- Section 6. Payer/Transmitter "A" Record — General Field Descriptions
- Section 7. Payer/Transmitter "A" Record — Record Layout
- Section 8. Payee "B" Record — General Field Descriptions and Record Layouts
- Section 9. End of Payer "C" Record — General Field Descriptions and Record Layout
- Section 10. State Totals "K" Record — General Field Descriptions and Record Layout
- Section 11. End of Transmission "F" Record — General Field Descriptions and Record Layout

**Part C. Bisynchronous (Mainframe) Electronic Filing Specifications**

- Section 1. General
- Section 2. Electronic Filing Approval Procedure

Section 3. Test Files

Section 4. Electronic Submissions

Section 5. Transmittal Requirements

Section 6. IBM 3780 Bisynchronous Communication Specifications

Section 7. Bisynchronous Electronic Filing Record Specifications

Part D. Asynchronous (IRP-BBS) Electronic Filing Specifications

Section 1. General

Section 2. Electronic Filing Approval Procedure

Section 3. Test Files

Section 4. Electronic Submissions

Section 5. Transmittal Requirements

Section 6. Information Reporting Program Bulletin Board System (IRP-BBS) Specifications

Section 7. IRP-BBS First Logon Procedures

Part E. Magnetic/Electronic Specification for Extensions of Time

Section 1. General

Section 2. Magnetic Tape, IBM 3480/3490, AS400 Compatible Tape Cartridge, AS400 8mm Tape Cartridge, 5 1/4- and 3 1/2 -inch Diskette, and Electronic Specifications

Section 3. Record Layout

Part F. Miscellaneous Information

Section 1. Addresses for Martinsburg Computing Center

Section 2. Telephone Numbers for Contacting IRS/MCC

Part A. General

Revenue procedures are generally revised annually to reflect legislative and form changes. Comments concerning this revenue procedure, or suggestions for making it more helpful, can be addressed to:

Internal Revenue Service  
Martinsburg Computing Center  
Attn: IRB, Information Support Section  
P. O. Box 1359, MS-360  
Martinsburg, WV 25402

Sec. 1. Purpose

**.01** The purpose of this revenue procedure is to provide the specifications for filing Forms 1098, 1099 series, 5498, 5498-MSA, and W-2G electronically or on magnetic media, which includes 1/2-inch magnetic tape; IBM 3480, 3490 or AS400 compatible tape cartridges (including 8mm); or 5 1/4- and 3 1/2-inch diskettes with IRS. **IRS/MCC has discontinued processing 8-inch diskettes.** This revenue procedure must be used for the preparation of Tax Year 1997 information returns and information returns for years prior to 1997 that are required to be filed. This revenue procedure must be used to prepare current and prior year information returns filed between January 1, 1998, and December 31, 1998. Specifications for filing the following forms are contained in this revenue procedure.

- (a) Form 1098, Mortgage Interest Statement.
- (b) Form 1099-A, Acquisition or Abandonment of Secured Property.
- (c) Form 1099-B, Proceeds From Broker and Barter Exchange Transactions.
- (d) Form 1099-C, Cancellation of Debt.
- (e) Form 1099-DIV, Dividends and Distributions.
- (f) Form 1099-G, Certain Government Payments.
- (g) Form 1099-INT, Interest Income.
- (h) *Form 1099-LTC, Long-Term Care and Accelerated Death Benefits.*
- (i) Form 1099-MISC, Miscellaneous Income.
- (j) *Form 1099-MSA, Distributions From Medical Savings Accounts.*
- (k) Form 1099-OID, Original Issue Discount.
- (l) Form 1099-PATR, Taxable Distributions Received From Cooperatives.
- (m) Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- (n) Form 1099-S, Proceeds From Real Estate Transactions.
- (o) Form 5498, *IRA, SEP, or SIMPLE Retirement Plan Information.*

(p) *Form 5498-MSA, Medical Savings Account Information.*

(q) Form W-2G, Certain Gambling Winnings.

**.02** Specifications for filing Forms W-2 on magnetic media are available from the Social Security Administration (SSA) **only.** Filers can call 1-800-SSA-1213 to obtain the phone number of the SSA Magnetic Media Coordinator for their area.

**.03** The Internal Revenue Service, Martinsburg Computing Center (IRS/MCC) has the responsibility for processing Forms 1098, 1099 series, 5498, 5498-MSA, and W-2G filed magnetically or electronically. IRS/MCC does **not** process Forms W-2. Paper **and/or** magnetic media for Forms W-2 must be sent to SSA. IRS/MCC does, however, process waiver requests (Form 8508), extension of time to file requests (Form 8809) for Forms W-2 and requests for extension of time to file the employee copies of W-2G.

**.04** Generally, the box numbers on the paper forms correspond with the amount codes used to file magnetically/electronically; however, if discrepancies occur, the instructions in this revenue procedure govern.

**.05** This revenue procedure also provides the requirements and specifications for magnetic media or electronic filing under the Combined Federal/State Filing Program.

**.06** The following revenue procedures and publications provide more detailed filing procedures for certain other information returns.

- (a) 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G" provides specific instructions on completing and submitting information returns to IRS.
- (b) Rev. Proc. 84-33, 1984-1 C.B. 502, regarding the optional method for agents to report and deposit backup withholding.
- (c) Publication 1179, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099 Series, 5498, and W-2G.
- (d) Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated

Tips, on Magnetic Tape and 5 1/4- or 3 1/2-inch Diskettes.

- (e) Publication 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or on Magnetic Tape, and 5 1/4- or 3 1/2-inch Diskettes.
- (f) Publication 1245, Specifications for Filing Form W-4, Employee's Withholding Allowance Certificate, on Magnetic Tape, and 5 1/4- or 3 1/2-inch Diskette.
- (g) Rev. Proc. 97-25, specifications set forth for the magnetic or electronic filing of 1997 Form 8851, Summary of Medical Savings Accounts, Magnetically/Electronically.

**.07** This revenue procedure supersedes Rev. Proc. 96-36 published as Publication 1220 (Rev. 7-96), Specifications for Filing Forms 1098, 1099 series, 5498, and W-2G Magnetically or Electronically.

**.08** Refer to Part A, Sec. 17, for definitions of terms used in this publication.

## Sec. 2. Nature of Changes— Current Year (Tax Year 1997)

**.01** In this publication, all pertinent changes for Tax Year 1997 have been emphasized by using italics. This has been done to assist filers in identifying new information. Filers are still advised to read the publication in its entirety.

### **.02 Programming Changes**

#### **a. Payer/Transmitter "A" Record Changes:**

(1) For all forms, Payment Year, Field Positions 2-3 must be incremented by one (from 96 to 97) unless reporting prior year data.

(2) In Part B, Sec. 6, the Type of Return Codes, Field Position 22 of the Payer "A" Record, have been expanded to include new forms 1099-LTC, 1099-MSA, and 5498-MSA. The Type of Return Codes are T for Form 1099-LTC, M for 1099-MSA, and K for Form 5498-MSA.

(3) In Part B, Sec. 6, for Form 1099-C, Amount Code 4 (Penalties, fines, or administrative costs included in Amount Code 2) has been deleted from Field Positions 23-31 of the Payer "A" Record.

(4) In Part B, Sec. 6, for the new Form

1099-LTC (Type of Return Code T), Amount Codes 1 (Gross long-term care benefits paid) and 2 (Accelerated death benefits paid) have been added to Field Positions 23-31 of the Payer "A" Record.

(5) In Part B, Sec. 6, for the new Form 1099-MSA (Type of Return Code M), Amount Codes 1 (Gross distribution) and 2 (Earnings on excess contributions) have been added to Field Positions 23-31 of the Payer "A" Record.

(6) In Part B, Sec. 6, for Form 5498, Two Amount Codes have been added, Amount Code 6 (SEP contributions) and Amount Code 7 (SIMPLE contributions) in Field Positions 23-31 of the Payer "A" Record.

(7) In Part B, Sec. 6, for the new Form 5498-MSA (Type of Return Code K), Amount Codes 1 (Employee MSA contributions made in 1997 and 1998 for 1997), 2 (Total MSA contributions made in 1997), and 3 (Total MSA contributions made in 1998 for 1997), 4 (MSA rollover contributions not included in Amount Code 1, 2, or 3) and 5 (Fair market value of account) have been added to Field Positions 23-31 of the Payer "A" Record.

(8) In Part B, Sec. 6, the Payer City, State, and Zip Code field in Positions 171-210 of the Payer "A" Record have been broken down into three separate fields.

(9) In Part B, Sec. 6, for the convenience of the filer, an optional field has been added for the Payer's Phone Number and Extension in Field Positions 371-385 of the Payer "A" Record.

#### **b. Payee "B" Record Changes:**

(1) For all forms, Payment Year, Field Positions 2-3 must be incremented by one (from 96 to 97) unless reporting prior year data.

(2) In Part B, Sec. 8, for the Form 1099-MSA, Distribution Codes 1 (Normal distribution), 2 (Excess contributions), 3 (Disability), 4 (Death), and 5 (Prohibited transaction) have been added to Field Positions 4 and 5 of the Payee "B" Record.

(3) In Part B, Sec. 8, for the Form 1099-R, Distribution Codes L (Loans treated as deemed distributions under section 72(p)) and S (Early distribution from a SIMPLE IRA in first 2 years, no known exception) have been added to Field Positions 4 and 5 of the Payee "B" Record.

(4) In Part B, Sec. 8, for the Form 1099-R, the IRA/SEP Indicator in Field

Position 44 of the Payee "B" Record has been expanded from IRA/SEP to IRA/SEP/SIMPLE. This field will be used exclusively for the Form 1099-R.

(5) In Part B, Sec. 8, for the Form 5498, IRA, SEP, and SIMPLE Indicators have been added in Field Positions 141-143.

(6) In Part B, Sec. 8(1), Form 1099-MSA and Form 5498-MSA have been added to the standard Record Layout Positions 322-420.

(7) In Part B, Sec. 8(5), the Record Layout Positions 322-420 of the Payee "B" Record are given for Form 1099-LTC to include the following fields:

- (a) A Type of Payment Indicator has been added to Field Position 322 of the Payee "B" Record with indicators of 1 (Per diem) and 2 (Reimbursed amount).
- (b) The Social Security Number of the Insured has been added to Field Positions 323-331 of the Payee "B" Record.
- (c) The Name of the Insured has been added to Field Positions 332-371 of the Payee "B" Record.
- (d) The Address of the Insured has been added to Field Positions 372-411 of the Payee "B" Record.
- (e) A Status of Illness Indicator has been added for Field Position 412 of the Payee "B" Record with indicators of 1 (Chronically ill) and 2 (Terminally ill).
- (f) A Date of Doctor's Certification has been added in Field Positions 413-418 of the Payee "B" Record.

### **.03 Other Programming Changes**

(a) In Part E, Sec. 3, in the record layout for the Magnetic/Electronic Specifications for Extensions of Time, the Document Indicators in Field Position 175 have been expanded to include Forms 1099-LTC, 1099-MSA, and 5498-MSA.

### **.04 Editorial Changes—General**

(a) A note has been added advising filers that date fields will be expanded in Tax Year 1998 in preparation for Year 2000.

(b) The title of the Form 5498 has been changed from Individual Retirement Arrangement Information to IRA, SEP, or SIMPLE Retirement Plan Information. The new title appears in the list of forms

in Part A, Sec. 1.01 and throughout the publication.

(c) Three new forms have been added for TY97 processing: Form 1099-LT C, Long-Term Care and Accelerated Death Benefits, Form 1099-MSA, Distributions From Medical Savings Accounts, and Form 5498-MSA, Medical Savings Account Information. The new forms are included in the list of forms in Part A, Sec. 1.1 and throughout the publication. Filers are advised throughout the publication that the new forms cannot be filed under the Combined Federal/State Filing Program.

(d) AZIP code change has occurred for the Martinsburg Computing Center. For all Martinsburg Computing Center addresses containing a post office box, the ZIPcode has been changed from 25401 to 25402. The changes will appear in Part A, Sec. 3.01, Part C, Sec. 2.02(c) and (e), Part D, Sec. 5.04, and Part F, Sec. 1. The ZIP code for the street address (Route 9 and Needy Road) of the Martinsburg Computing Center remains 25401.

(e) In Part A, Sec. 4.01, under Filing Requirements, filers are encouraged to file magnetically/electronically even though the number of returns being filed is less than the filing requirement of 250 or more.

(f) In Part A, Sec. 6.02, filers are advised that the most current version of the Vendor List (Pub. 1582) will not be printed. It will be available for reading or downloading from the Information Reporting Program-Bulletin Board System (IRP-BBS).

(g) In Part A, Sec. 7.10, information has been added to advise filers that multiple Transmitter Control Codes (TCCs) will only be issued to a payer with multiple TINs, one TCC per TIN.

(h) In Part A, Sec. 9.10, filers are advised to create a self-adhesive label with the required information to attach to each tape, cartridge, or diskette.

(i) In Part A, Sec. 9.11, filers are advised to attach a label that states "IRB, Box \_\_\_ of \_\_\_" to the outside of the shipping container.

(j) In Part A, Sec. 10, filers are advised that, since the due dates for Tax Year 1997 fall on weekends, information returns, recipient copies, and participant copies will be treated as timely if filed or furnished on the next business day after the particular due date.

(k) In Part A, Sec. 10.04, filers are advised that the timely mailing rule now applies to designated private delivery services.

(l) In Part A, Sec. 16, in Table 2. Dollar Criteria for State Reporting, the dollar criteria for the state of Idaho has been corrected.

(m) In part A, Sec. 17, Definition of Terms, ITIN (Individual Taxpayer Identification Number) has been added. ITIN has also been added to Part B, Sec. 6, Type of TIN, Field Position 14 of the Payee "B" Record.

(n) In Part B, Sec. 6, for the Form 1099-PATR, the titles of Amount Codes 7 and 8 in Field Positions 23-31 of the Payer "A" Record have been changed. The title of Amount Code 7 has been changed from Energy investment credit to Investment credit. The title of Amount Code 8 has been changed from Jobs credit to Work opportunity credit.

(o) In Part B, Sec. 6, for Form 5498, Amount Code 2 has been changed from Rollover IRA contributions to IRA, SEP, or SIMPLE rollover contributions in Field Positions 23-31 of the Payer "A" Record.

(p) In Part B, Sec. 8, for Document Specific/Distribution Codes, Field Positions 4-5 of the Payee "B" Record, information has been added to clarify that this field is only required for 1099-MISC if Crop Insurance Proceeds are being reported.

#### **.05 Editorial Changes—Magnetic Media Specifications**

(a) In Part B, Sec. 4.01(a)(7), filers are advised to place the end of transmission "F" Record at the end of the last cartridge only, for files with multiple cartridges.

(b) In Part B, Sec. 4.02(d), filers are advised that for 8mm tape cartridge, the SAVE OBJECT COMMAND is not acceptable.

(c) In Part B, Sec. 4.07, filers are now advised that 4mm cassettes are an acceptable form of media. Specifications are provided.

(d) In Part B, Sec. 4.08, filers are now advised that Quarter Inch Cartridges (QIC) are an acceptable form of media. Specifications are provided.

(e) In Part B, Sec. 05.01(b), for 5 1/4-inch diskettes created on a System 36 or AS400, specific save commands are provided as well as EBCDIC specifications.

(f) In Part B, Sec. 6, for Form 1099-G, Field Positions 23-31 of the Payer "A" Record, Amount Code 4, for Federal income tax withheld, has been expanded to include requested withholding on unemployment compensation, Commodity

Credit Corporation loans, or certain crop disaster payments.

### **Sec. 3. Where to File and How to Contact the IRS, Martinsburg Computing Center**

**.01** All information returns filed magnetically or electronically are processed at IRS/MCC. Files containing information returns, requests for IRS magnetic media and electronic filing information, undue hardship waivers, and requests for extension of time to file returns or to furnish the statements to recipients are to be sent to the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
P. O. Box 1359, MS-360  
Martinsburg, WV 25402-1359

or if by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**Note:** The ZIPcode has changed from 25401-1359 to 25402-1359 for the IRS P.O. Box addresses for Martinsburg, WV.

**.02** Send a magnetically filed extension of time request to one of the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
P. O. Box 879, MS-360  
Kearneysville, WV 25430

If by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**.03** Telephone inquiries for the Information Reporting Call Site may be made between 8:30 a.m. and 4:30 p.m. Eastern time. The telephone numbers for mag-

netic media inquiries or electronic submissions are:



- 304-263-8700 – Call Site – Part A, Sec. 3.9**
- 304-264-7070 – IRP-BBS (Information Reporting Program Bulletin Board System) - Part D**
- 304-264-7080 – 4.8 Modems – Part C**
- 304-264-7040 – 9.6 Modems – Part C**
- 304-264-7045 – 14.4 Modems – Part C**
- 304-267-3367 – TDD (Telecommunications Device for the Deaf)**
- 304-264-5602 – Fax Machine**  
( These are not toll-free telephone numbers.)

**TO OBTAIN FORMS, CALL:  
1-800-TAX-FORM (1-800-829-3676)**

**.04** The 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G" have been included in the Publication 1220 for transmitter convenience. The Form 1096 is used only to transmit Copy A of **paper** Forms 1099, 1098, 5498, and W-2G. If filing paper returns, follow the mailing instructions on the Form 1096 and submit the paper returns to the appropriate IRS Service Center.

**.05** Requests for paper Forms 1096, 1098, 1099, and W-2G, and publications related to magnetic media/electronic filing should be requested by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)**.

**.06** Questions pertaining to magnetic media filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call 1-800-SSA-1213 to obtain the phone number of the SSA Magnetic Media Coordinator for their area.

**.07** Payers **should not** contact IRS/ MCC if they have received a penalty notice and need additional information, or are requesting an abatement of the penalty. A penalty notice contains an IRS representative's name and/or phone number for contact purposes; or, the payer may be instructed to respond in writing to the address provided. IRS/MCC does **not** issue penalty notices and does **not** have the authority to abate penalties. For penalty information, refer to the Penalty Section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G."

**.08** A taxpayer or authorized representative may request a copy of a tax return,

including Form W-2 filed with a return, by submitting Form 4506, Request for Copy or Transcript of Tax Form, to IRS. This form may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

**.09** The IRS Centralized Call Site answers both magnetic media and tax law questions relating to the filing of information returns (Forms 1096, 1098, 1099, 5498, 8027, W-2G, W-3, 1042S, and W-4's). The IRS/MCC Call Site answers tax law and paper filing related questions about W-2s as well as handling inquiries dealing with backup withholding due to missing and incorrect taxpayer identification numbers. The Call Site is located at IRS/MCC and operates in conjunction with the Information Reporting Program. The Call Site provides service to the payer community (financial institutions, employers, and other transmitters of information returns). Recipients of information returns (payees) should continue to contact **1-800-829-1040** or other numbers specified in the tax return instructions with any questions on how to report information on their tax returns.

The Call Site accepts calls from all areas of the country. The number to call is **304-263-8700** or Telecommunications Device for the Deaf (TDD) **304-267-3367**. These are toll calls. Hours of operation for the Call Site are Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern Time. The Call Site is in operation throughout the year to handle the questions of payers, transmitters, and employers. Due to the high demand for assistance at the end of January and February, it is advisable to call as soon as possible to avoid these peak filing seasons.

#### Sec. 4. Filing Requirements

**.01** Under section 6011(e)(2)(A) of the Internal Revenue Code, any person, including a corporation, partnership, individual, estate, and trust, who is required to file 250 or more information returns must file such returns magnetically/electronically. **The 250\* or more requirement applies separately for each type of return and also to each type of corrected return.**

***\*Even though as many as 249 in - formation returns may be submitted on paper to the Internal Revenue Service, IRS encourages filers to transmit information returns magnetically or electronically.***

**.02** All filing requirements that follow apply individually to each reporting entity as defined by its separate Taxpayer Identification Number (TIN) [Social Security Number (SSN), or Employer Identification Number (EIN)]. For example, if a corporation with several branches or locations uses the same EIN, the corporation must aggregate the total volume of returns to be filed for that EIN and apply the filing requirements to each type of return accordingly.

**.03** Payers who are required to submit their information returns on magnetic media may choose to submit their documents by electronic filing. Payers who submit their information returns electronically are considered to have satisfied the magnetic media filing requirements.

**.04** IRS/MCC has two methods by which payers may submit their files electronically. Bisynchronous (mainframe) electronic filing, which can be found in Part C of this publication, or Asynchronous (Information Reporting Program-Bulletin Board System), which is in Part D. An overview of some features provided on the IRP-BBS are as follows:

- Electronic filing of information returns to the IRS using dial-up modems
- Return notification of the acceptability of the data transmitted within 24 to 48 hours
- Electronic communication with IRS and SSAbulletin board systems
- Access to information reporting publications
- Access to shareware
- Access to forms relating to the Information Reporting Program
- News about the latest changes and updates that affect the Information Reporting Program at IRS
- Answers to messages and questions left on the bulletin board
- Available for public use and can be reached by dialing 304-264-7070
- IRP-BBS is accessible 24 hours a day, 7 days a week. Routine maintenance is performed daily, at approximately 7:00 a.m. Eastern Time.
- Questions, comments, or suggestions can be directed to the Systems Operator (SYSOP) through IRP-BBS.

**.05** The following requirements apply

separately to both originals and corrections filed magnetically/electronically:

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1098	<b>250 or more of any</b> of these
1099-A	forms require magnetic
1099-B	media or electronic filing
1099-C	with IRS. These are stand
1099-DIV	alone documents and are not
1099-G	to be aggregated for purposes
1099-INT	of determining the 250
1099-LTC	threshold. For example, if
1099-MISC	you must file 100 Forms
1099-MSA	1099-B and 300 Forms
1099-OID	1099-INT, Forms 1099-B
1099-PATR	need not be filed magneti-
1099-R	cally or electronically since
1099-S	they do not meet the thresh-
5498	hold of 250. However,
5498-MSA	Forms 1099-INT must be
W-2G	filed magnetically or
	electronically since they
	meet the threshold of 250.

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**.06** The above requirements do not apply if the payer establishes hardship (see Part A, Sec. 5).

#### Sec. 5. Form 8508, Request for Waiver from Filing Information Returns on Magnetic Media

**.01** If a payer is required to file on magnetic media but fails to do so (or fails to file electronically, in lieu of magnetic media filing) and does not have an approved waiver on record, the payer will be subject to a penalty of \$50 per return in excess of 250. (For penalty information, refer to the Penalty section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G.")

**.02** If payers are required to file original or corrected returns on magnetic media, but such filing would create a hardship, they may request a waiver from these filing requirements by submitting Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media, to IRS/MCC.

**.03** Even though a payer may submit as many as 249 corrections on paper, IRS encourages magnetically or electronically submitted corrections. Once the 250 threshold has been met, filers are required to submit any returns of 250 or more magnetically or electronically. However, if a waiver for original documents is approved, any corrections for the same type

of returns will be covered under this waiver.

**.04** Generally, only the payer may sign the Form 8508. A transmitter may sign if given power of attorney; however, a letter signed by the payer stating this fact must be attached to the Form 8508.

**.05** A transmitter must submit a separate Form 8508 for each payer. Do not submit a list of payers.

**.06** All information requested on the Form 8508 must be provided to IRS for the request to be processed.

**.07** The waiver, if approved, will provide exemption from magnetic media filing for the current tax year only. Payers may not apply for a waiver for more than one tax year at a time; application must be made each year a waiver is necessary.

**.08** Form 8508 may be photocopied or computer-generated as long as it contains all the information requested on the original form.

**.09** Filers are encouraged to submit Form 8508 to IRS/MCC at least 45 days before the due date of the returns.

**.10** File Form 8508 for Forms W-2 with IRS/MCC, not SSA.

**.11** Waivers are evaluated on a case-by-case basis and are approved or denied based on criteria set forth under section 6011(e) of the Internal Revenue Code. The transmitter must allow a minimum of 30 days for IRS/MCC to respond to a waiver request.

**.12** If a waiver request is approved, the transmitter should keep the approval letter on file. **The transmitter should not send a copy of the approved waiver to the service center where the paper returns are filed.**

**.13** An approved waiver from filing information returns on magnetic media does not provide exemption from all filing. The payer must timely file information returns on acceptable paper forms with the appropriate service center.

**.14** Desert Storm/Operation Joint Guard (OJG) [See Note] (Bosnia Region) Contributions — If a payer is required to file a Form 5498 magnetically/electronically, the payer may request an automatic waiver to file Forms 5498 on paper for participants of Desert Storm or Operation Joint Guard. The payer should clearly mark Desert Storm or Operation Joint Guard on the waiver request form.

**Note: Military personnel under Operation Joint Guard (OJG) will be treated the same as military personnel under Operation Joint Endeavor (OJE) for purposes of Publication L. 104-117 and Rev. Proc. 96-34.**

#### Sec. 6. Vendor List

**.01** IRS/MCC prepares a list of vendors who support magnetic media or electronic filing. The Vendor List (Pub. 1582) contains the names of service bureaus that will produce files on the prescribed types of magnetic media or via electronic filing. It also contains the names of vendors who provide software packages for payers who wish to produce magnetic media or electronic files on their own computer systems. This list is compiled as a courtesy and in no way implies IRS/MCC approval or endorsement.

**Note: If filers meet the filing requirements and engage a service bureau to prepare media on their behalf, the filers should be careful not to report duplicate data, which may cause penalty notices to be generated.**

**.02** The Vendor List may be updated in print every other year. The most recently printed copy will be available by contacting IRS/MCC at (304) 263-8700 or by way of a letter (see Part A, Sec. 3.) The most current Vendor List is available for downloading from the Information Reporting Program-Bulletin Board System (refer to Part D).

**.03** A vendor, who offers a software package, has the ability to produce magnetic media for customers, or has the capability to electronically file information returns, and would like to be included on the list, must submit a written request to IRS/MCC. The request should be submitted by August 15 and must include:

- (a) Company name
- (b) Address (include city, state, and ZIP code)
- (c) Telephone number (include area code)
- (d) Contact person
- (e) Type(s) of service provided (e.g., service bureau and/or software)
- (f) Type(s) of media offered (e.g., magnetic tape or tape cartridge, 5 1/4- or 3 1/2-inch diskettes, or electronic filing)
- (g) Type of return

**.04** The vendor list is updated annually. Therefore, any changes to information already on the vendor list must also be received by IRS/MCC no later than August 15 to be included on the most current vendor list.

## Sec. 7. Form 4419, Application for Filing Information Returns Magnetically/Electronically

**.01** Transmitters are required to submit Form 4419, Application for Filing Information Returns Magnetically/Electronically, to request authorization to file information returns with IRS/MCC. A single Form 4419 should be filed no matter how many types of returns the transmitter will be submitting magnetically/electronically. For example, if a transmitter plans to file Forms 1099-INT, one Form 4419 should be submitted. If, at a later date, another type of form (Form 1098, 1099 series, 5498, and W-2G) is to be filed, the transmitter does not need to submit a new Form 4419.

### EXCEPTIONS

**An additional Form 4419 is required for filing each of the following types of returns: Forms 1042-S, 8027, and W-4.**

FORM	TITLE	EXPLANATION
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Payments subject to withholding under Chapter 3 of the Code, including interest, dividends, royalties, pensions, and annuities, gambling winnings and compensation for personal services.
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	Receipts from food or beverage operations, tips reported by employees, and allocated tips.
W-4 (See Note)	Employee's Withholding Allowance Certificate	Forms received during the quarter from employees still employed at the end of the quarter who claim the following: (a) More than 10 withholding allowances or (b) Exempt status and wages normally would be more than \$200 a week.

**Note: Employers are not required to send other Forms W-4 unless notified to do so by the IRS.**

**.02** Magnetic tape, tape cartridge, diskette, and electronically filed returns may not be submitted to IRS/MCC until the application has been approved. Please read the instructions on the back of Form 4419 carefully. A Form 4419 is included in the Publication 1220 for the filer's use. This form may be photocopied. Additional forms may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

**.03** Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned and included in an approval letter. The TCC **must** be coded in the Payer "A" Record. If a transmitter uses more than one TCC to file, each TCC must be reported on separate media or in separate transmissions if filing electronically.

**.04** Annually, a magnetic media reporting package containing the current revenue procedure, forms, and instructions will be sent to the attention of the contact person indicated on Form 4419.

**.05** If **any** of the information (name, TIN or address) on the Form 4419 changes, please notify IRS/MCC in writing so that the IRS/MCC database can be updated. However, a change in the method by which information returns are being submitted is not information which needs to be updated (*i.e.*, tape to disk, disk to BBS). The transmitter should include the TCC in all correspondence.

**.06** Form 4419 can be submitted any time during the year; however, it **must** be submitted to IRS/MCC at least 30 days before the due date of the return(s) for current year processing. **For documents to be filed electronically using IBM 3780 bisynchronous protocols, Form 4419 must be submitted at least 45 days prior to the due date of the returns (See Part C, Sec. 2).** This will allow IRS/MCC the minimum amount of time necessary to process and respond to applications. In the event that computer equipment or software is not compatible with IRS/MCC, a waiver may be requested to file returns on paper documents.

**.07** IRS/MCC encourages transmitters who file for multiple payers to submit one application and to use the assigned TCC for all payers. Include a list of all payers and TINs with the Form 4419.

**.08** If a payer's files are prepared by a service bureau, the payer may not need to submit an application to obtain a TCC. Some service bureaus will produce files, code their own TCC on the media, and send it to IRS/MCC for the payer. Other service bureaus will prepare magnetic media and return the media to the payer for submission to IRS/MCC. These service bureaus may require the payer to obtain a TCC to be coded in the "A" Record. Payers should contact their service bureaus for further information.

**.09** Once a transmitter is approved to file magnetically or electronically, it is not necessary to reapply each year **unless:**

(a) The payer has discontinued filing magnetically or electronically for three years; the payer's TCC may have been reassigned by IRS/MCC. Payers who are aware that the TCC assigned will no longer be used, are requested to notify IRS/MCC so these numbers may be reassigned.

(b) The payer's magnetic media files were transmitted in the past by a service bureau using the service bureau's TCC, but now

the payer has computer equipment compatible with that of IRS/MCC and wishes to prepare his or her own files. The payer must request a TCC by submitting Form 4419.

**.10** One Form 4419 may be submitted regardless of how many types of media or methods are used to file the returns. **Multiple TCCs will only be issued to payers with multiple TIN. Only one TCC will be issued per TIN.**

**.11** In accordance with Regulations section 1.6041-7(b), payments by separate departments of a health care carrier to providers of medical and health care services may be reported on separate returns on magnetic media. In this case, the headquarters will be considered the transmitter, and the individual departments of the company filing reports will be considered payers. A single Form 4419 covering all departments filing on magnetic media should be submitted. One TCC may be used for all departments.

**.12** Approval to file does not imply endorsement by IRS/MCC of any computer software or of the quality of tax preparation services provided by a service bureau or software vendor.

## Sec. 8. Test Files

**.01** IRS/MCC does not require test files, **except** for filers wishing to participate in the Combined Federal/State Filing Program (see Part A, Sec. 16, for further information concerning the Combined Federal/State Filing Program).

**.02** IRS/MCC encourages first-time magnetic media or electronic filers to submit a test. The test file **must** consist of a sample of each type of record:

- (a) Payer "A" Record (must not be fictitious data)
- (b) Multiple Payee "B" Records (**at least 11 "B" Records per each "A" Record**)
- (c) End of Payer "C" Record
- (d) State Totals "K" Record, if participating in the Combined Federal/State Filing Program
- (e) End of Transmission "F" Record

(See **Part B** for record formats.)

**.03** Use the Test Indicator "T" in Field Position 32 of the "A" Record to show that this is a test file.

**.04** IRS/MCC will check the file to ensure it meets the specifications of this revenue procedure. For current filers, sending a test file will provide the opportunity to ensure that their software reflects any programming changes.

If unable to submit a magnetic or electronic test file, a hardcopy printout that shows a sample of each record type (A, B, C, and F) may be submitted. **The hard copy print test is not acceptable for Combined Federal/State Filing approval.**

**.05** Tests should be sent to IRS/MCC between November 1 and December 31. The test file **must** be received at MCC by December 31 in order to be processed. Filers may begin submitting test tapes and diskettes after October 1; however, the data will not be processed until on or after November 1.

**.06** For tests filed electronically, the transmitter must send the signed Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, the same day the transmission is made. For tests filed on magnetic tape, tape cartridge, 8mm, 4mm, and quarter inch cartridge, 5 1/4- and 3 1/2-inch diskette, the transmitter must include the signed Form 4804 in the same package with the corresponding magnetic media. Mark the "TEST" box in block 1 on the form. Also, mark "TEST" on the external media label.

If submitting a hard copy printout, mark the printout as "TEST" and include name, telephone number, and address of a person who can be contacted to discuss its acceptability.

**.07** IRS/MCC will send a letter of acknowledgment to indicate the test results. Unacceptable magnetic media files, along with documentation identifying the errors, will be returned. Resubmission of test files must be received by IRS/MCC no later than December 31.

**.08** Successfully processed media will not be returned to filers.

## Sec. 9. Filing of Information Returns Magnetically/Electronically and Retention Requirements

**.01** Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation), or a computer-generated substitute, must accompany **all** magnetic media shipments. For electronic transmissions, the Form 4804 and Form 4802, if applicable, must be sent the same day as the electronic transmission. Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation), is a continuation of Form 4804 and should only be used if the filer is reporting more than five types of returns and/or more than five payers. Form 4802 is not a stand-alone form; it can only accompany Form 4804.

**.02** IRS/MCC allows for the use of computer-generated substitutes for Form 4804/4802 (See **Note**). The substitutes must contain all information requested on the original forms including the affidavit and signature line. Photocopies are acceptable but an original signature is required.

**Note:** When using computer-generated forms, be sure to mark very clearly which tax year is being reported. This will eliminate a phone communication from IRS/MCC to question the tax year.

**.03** A transmitter may report for any combination of payers and/or documents in a submission. For example, if reporting Forms 1099-INT for Bank A, Forms 1099-DIV for Bank B, and Forms 1098 for Bank C, three separate tapes or diskettes need not be created. All three banks and all types of documents can be coded on one tape or diskette as long as each filing entity or type of return is

separated by an "A" Record. Only one "F" record may be used at the end of a transmission. Multiple tapes or diskettes can be sent in one package. Filers **must** include Form 4804, 4802, or computer-generated substitute with their shipment.

**.04** Multiple types of media may be submitted in a shipment. However, submit a separate Form 4804 for each type of media.

**.05** Current and prior year data may be submitted in the same shipment; however, each tax year must be on separate media, and a separate Form 4804 must be prepared to clearly indicate each tax year.

**.06** Filers who have prepared their information returns in advance of the due date are encouraged to submit this information to IRS/MCC no earlier than January 1 of the year the return is due.

**.07 Do not report duplicate information. If a filer submits returns magnetically/electronically, identical paper documents must not be filed. This may result in erroneous penalty notices.**

**.08** Form 4804 may be signed by the payer or the transmitter, service bureau, paying agent, or disbursing agent (all hereafter referred to as agent), on behalf of the payer. An agent may sign the Form 4804 if the agent has the authority to sign the affidavit under an agency agreement (either oral, written, or implied) that is valid under state law and adds the caption "FOR: (name of payer)."

☞ **Note: Failure to sign the affidavit on Form 4804 may delay processing or could result in the files being returned unprocessed.**

**.09** Although an authorized agent may sign the affidavit, the payer is responsible for the accuracy of the Form 4804 and the returns filed. The payer will be liable for penalties for failure to comply with filing requirements.

**.10** *A self-adhesive external media label, created by the filer, must be affixed to each tape and diskette. (IRS no longer provides self-adhesive labels for this purpose.)* For instructions on how to prepare an external media label, refer to Notice 210 in the forms section. If diskettes are used, and the operating system is not MS-DOS compatible, the operating system and hardware information **must** be provided. Failure to provide this information may result in the diskettes being returned to the filer.

**.11** On the outside of the shipping container, affix or attach a label which reads **IRB Box \_\_\_ of \_\_\_** reflecting the number of containers in the shipment. *(Filers can create a label with this information or cut out one of the labels on the special label page provided in this publication. IRS no longer provides self-adhesive labels for this purpose.)* If there is only one container, mark the outside as **Box 1 of 1**. For multiple containers, include the sequence (for example, Box 1 of 3, 2 of 3, 3 of 3).

**.12** When submitting files include the following:

- (a) A **signed** Form 4804;
- (b) Form 4802, if applicable;
- (c) External media label *(created by filer)* affixed to magnetic media;
- (d) **IRB** \_\_\_\_\_ of \_\_\_\_\_ outside label.

☞ **Note: See Parts C and D for Electronic Submission Requirements.**

**.13** If returns from different locations (using the same name and TIN) are submitted on the same file, IRS encourages the filer to consolidate each type of information return under one "A" Record. For example, all "B" Records for the same type of return should be together under one "A" Record and followed by the End of Payer "C" Record.

**.14** IRS/MCC will not pay for or accept "Cash-on-Delivery" or "Charge to IRS" shipments of tax information that an individual or organization is legally required to submit.

**.15** Payers should retain a copy of the information returns filed with IRS or have the ability to reconstruct the data for at least 3 years from the reporting due date, with the exception of Form 1099-C. A financial entity must retain a copy of Form 1099-C, Cancellation of Debt, or have the ability to reconstruct the data required to be included on the return, for at least 4 years from the date such return is required to be filed. Whenever backup withholding is imposed, a 4 year retention is required.

## Sec. 10. Due Dates

*As a result of due dates for Tax Year 1997 falling on weekends in 1998, the information returns, the recipient copies, and the participant copies will be treated as timely if filed or furnished on or before the following dates:*

**Forms 1098, 1099 and W-2G**  
Recipient Copy – **February 2, 1998**  
IRS Copy – **March 2, 1998**

**Forms 5498 and 5498-MSA**  
Participant Copy – **June 1, 1998**  
IRS Copy – **June 1, 1998**  
**(5498 Only for fair market value – February 2, 1998)**

**.01** The due dates for filing paper returns with IRS also apply to magnetic media or electronic filing. Filing of information returns is on a calendar year basis, except for Forms 5498 and 5498-MSA, which are used to report amounts contributed during or after the calendar year (but not later than April 15).

**.02** If any due date falls on a Saturday, Sunday or legal holiday, the return or statement is considered timely if filed or furnished on the next business day (*i.e.*, the next day that is not a Saturday, Sunday, or legal holiday).

**.03** Information returns filed magnetically/electronically for Forms 1098, 1099, and W-2G must be submitted to IRS/MCC postmarked on or before *March 2, 1998*.

**.04** Returns postmarked by the United States Postal Service (USPS) on or before *March 2, 1998*, and delivered by United States mail to the IRS/MCC after the due date, are treated as timely under the "timely mailing as timely filing" rule. A similar rule applies to items delivered by private delivery services (PDSs) designated by the IRS. A PDS must be designated by the IRS before it will qualify for the timely mailing rule. Designation is determined with respect to each type of delivery service offered by a PDS (e.g., next day delivery, two day delivery, etc.). Notice 97-26, 1997-17 I.R.B. 6, provides the first list of designated PDSs and the types of delivery services designated. Designation is effective until the IRS issues a revised list of designated PDSs. Notice 97-26 also provides rules for determining the date that is treated as the postmark date. For items delivered by a non-designated PDS, the actual date of receipt by IRS/MCC will be used as the filing date. For items delivered by a designated PDS, but through a type of service not designated in Notice 97-26, the actual date of receipt by IRS/MCC will be used as the filing date. The timely mailing rule also applies to furnishing statements to recipients and participants and filing Forms 5498 and 5498-MSA.

**.05** Statements to recipients must be furnished on or before *February 2, 1998* for TY97. Form 5498 statements to the participants must be furnished on or before *February 2, 1998* for TY97 for the fair market value of the account and by *June 1, 1998* for TY97 for contributions made to IRAs for the prior calendar year.

**.06** Forms 5498 and 5498-MSA filed magnetically or electronically must be filed with IRS/MCC on or before *June 1, 1998* for TY97. Form 5498 and 5498-MSA are filed for contributions to be applied to 1997 that are made *January 1, 1997, through April 15, 1998*, and/or to report the fair market value of the IRA, SEP, or SIMPLE or the medical savings account.

**.07** Use this revenue procedure to prepare information returns filed magnetically or electronically beginning *January 1, 1998*, and received by IRS/MCC no later than *December 31, 1998*.

## Sec. 11. Extensions of Time

**.01** An extension of time to file may be requested for Forms 1099, 1098, 5498, 5498-MSA, W-2G, W-2, and 1042-S.

**.02** Form 8809, Request for Extension of Time To File Information Returns, should be submitted to IRS/MCC. This form may be used to request an extension of time to file information returns submitted on paper, magnetically or electronically.

**.03** Requesting an extension of time for multiple payers (50 or less) may be done by submitting Form 8809 and attaching a list of the payer names and their TINs (EIN or SSN). **The listing must be attached to ensure that the extension is recorded for all payers.** Form 8809 may be computer-generated or photocopied. Be sure that all the pertinent information is included.

**.04** Requests for an extension of time to file for more than 50 payers are required to be submitted magnetically or electronically (See **Note**). Requests for an extension of time for 10 to 50 payers are encouraged to be filed magnetically or electronically. (See Part E, Sec. 3, for the record format.) The request may be filed on tape, tape cartridge, 5 1/4- or 3 1/2-inch diskette, or electronically through the IRP-BBS or mainframe.

**Note:** If a filer does not have an IRS/MCC assigned Transmitter Control Code (TCC), a Form 4419, Application for Filing Information Returns Magnetically/Electronically, must be submitted to obtain a TCC. This number must be used to submit an extension request magnetically/electronically.

**.05** A magnetically filed request for an extension of time should be sent using the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
P. O. Box 879, MS-360  
Kearneysville, WV 25430

If by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**.06** Requests for extensions of time for multiple payers will be responded to with one approval letter, accompanied by a list of payers covered under that approval.

**.07** **As soon as it is apparent** that a 30-day extension of time to file is needed, Form 8809 may be submitted. It will take a minimum of 30 days for IRS/MCC to respond to an extension request. Under certain circumstances, a request for an extension of time could be denied. When a denial letter is received, any additional or necessary information may be resubmitted within 20 days.

**.08** If an additional extension of time is needed, a second Form 8809 must be submitted before the end of the initial extension.

Line 7 on the form should be checked to indicate that an additional extension is being requested. A second 30-day extension will be approved **only** in cases of extreme hardship or catastrophic event. When requesting a second 30-day extension of time, **do not** hold your files waiting for a response.

**.09** Form 8809 must be postmarked **no later than the due date of the return** for which an extension is requested. If requesting an extension of time to file several types of forms, use one Form 8809, but the Form 8809 must be postmarked no later than the earliest due date. For example, if requesting an extension of time to file both Forms 1099-INT and 5498, submit Form 8809 postmarked on or before February 28. Complete more than one Form 8809 to avoid this problem.

**.10** If an extension request is approved, the approval letter should be kept on file. The approval letter or copy of the approval letter for extension of time should not be sent to IRS/MCC with the magnetic media file or to the service center where the paper returns are filed.

**.11** Request an extension for only one tax year.

**.12** The extension request must be signed by the payer or a person who is duly authorized to sign a return, statement or other document for the payer.

**.13** Failure to properly complete and sign the Form 8809 may cause delays in processing the request or result in a denial. Carefully read and follow the instructions on the back of the Form 8809.

**.14** Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

**.15** Request an extension of time to furnish the statements to recipients of Forms 1098, 1099, 5498, W-2G, W-2, and 1042-S by submitting a letter to IRS/MCC containing the following information:

- (a) Payer name
- (b) TIN
- (c) Address
- (d) Type of return
- (e) Specify that the extension request is to provide statements to recipients.
- (f) Reason for delay
- (g) Signature of payer or person duly authorized

Requests for an extension of time to furnish the statements for Forms 1098, 1099, 5498, W-2G, W-2, and 1042-S to recipients are not automatically approved; however, if approved, generally an extension will allow a maximum of 30 additional days from the due date to furnish the statements to the recipients. The request must be postmarked by the date on which the statements are due to the recipients.

## Sec. 12. Processing of Information Returns Magnetically/Electronically

**.01** All data received at IRS/MCC for processing will be given the same protection as individual income tax returns (Form 1040). IRS/MCC will process the data and determine if the records are formatted and coded according to this revenue procedure.

**.02** If the data is formatted incorrectly, the file will be returned for replacement accompanied with a Media Tracking Slip (Form 9267). When media is returned, it is because IRS/MCC encountered errors (not limited to format) and was unable to process the media, therefore, requiring a replacement. Open all packages immediately.

**.03** Files must be corrected and returned with the Media Tracking Slip (Form 9267) to IRS/MCC within 45 days from the date of the letter IRS/MCC included with the returned files. A penalty for failure to file correct information returns by the due date will be assessed if the files are not corrected and returned within the 45 days **or if the incorrect files are returned by IRS/MCC for replacement more than two times**. A penalty for intentional disregard of filing requirements will be assessed if a replacement file is not received. (For penalty information, refer to the Penalty section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2 G.")

**.04** Sample records identifying errors encountered will be provided with the returned media. It is the responsibility of the transmitter to check the entire file for similar errors.

**.05** The following definitions have been provided to help distinguish between a correction and a replacement:

- A **correction** is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/MCC, but contained erroneous information.
- A **replacement** is an information return file that IRS/MCC has returned to the transmitter due to errors encountered during processing. After necessary changes have been made, the file must be returned for processing along with the Media Tracking Slip (Form 9267) which was included in the shipment from IRS/MCC.
- **Filers should never send anything to IRS/MCC marked "Replacement" unless IRS/MCC returned media to them.**

**.06** IRS/MCC will not return media after successful processing. Therefore, if the transmitter wants proof that IRS/MCC received a shipment, the transmitter should select a service with tracking capabilities or one that will provide proof of delivery.

**.07** IRS/MCC will work with filers as much as possible to assist with processing problems.

**Note:** If the filer is contacted by IRS/MCC, a prompt response is important. IRS/MCC may have information that the filer needs to correct his or her file.

**.08** IRS/MCC contacts payers who have submitted payee data with missing TINs in an attempt to prevent errors that could result in penalties. Payers who submit data with missing TINs and have taken the required steps to obtain this information are encouraged

to attach a letter of explanation to the required Form 4804. This will prevent unnecessary contact from IRS/MCC. This letter, however, will not prevent backup withholding notices (CP2100 or CP2100ANotices) or penalties for missing or incorrect TINs.

**.09** Do not use special shipping containers for transmitting data to IRS/MCC. Shipping containers will not be returned.

### Sec. 13. Corrected Returns

**.01** The magnetic media filing requirements of 250 information returns applies separately to both original and corrected returns.

**E** If a payer has 100 Forms 1099-A to be corrected, they  
**X** can be filed on paper since they fall under the 250  
**A** threshold. However, if the payer has 300 Forms  
**M** 1099-B to be corrected, they must be filed magneti-  
**P** cally or electronically since they meet the 250 thresh-  
**L** old. If for some reason a payer cannot file the 300  
**E** corrections on magnetic media, to avoid penalties, a  
request for a waiver must be submitted before filing  
on paper. If a waiver is approved for original docu-  
ments, any corrections for the same type of return will  
be covered under this waiver.

**.02** Corrections should be filed **as soon as possible**. Corrections filed after August 1 may be subject to the maximum penalty of \$50 per return. Corrections filed prior to August 1 may be subject to a lesser penalty. (For information on penalties, refer to the Penalty Section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G.") However, if payers discover errors after August 1, they may still be required to file corrections so that they will not be subject to a penalty for intentional disregard of the filing requirements. Failure to correct information returns may result in penalties for failure to provide correct information. **All fields must be completed with the correct information, not just the data fields needing correction.** Submit corrections only for the returns filed in error, not the entire file. Furnish corrected statements to recipients as soon as possible.

**.03** There are numerous types of errors, and in some cases, more than one transaction may be required to correct the initial error. **If the original return was filed as an aggregate, the filers must consider this in filing corrected returns.**

**.04** Corrected returns may be included on the same medium as original returns; however, separate "A" Records are required. Corrected returns must be identified on the Form 4804 and the external media label by indicating "Correction."

**Note:** If filers discover that certain information returns were omitted on their original file, they must not code these documents as corrections. The file must be coded and submitted as originals.

**.05** If a payer discovers errors for prior years that affect a large number of payees, in addition to sending IRS the corrected returns and notifying the payees, a letter containing the following information should be sent to IRS/MCC:

- (a) Name and address of payer
- (b) Type of error (please explain clearly)
- (c) Tax year
- (d) Payer TIN
- (e) TCC
- (f) Type of Return
- (g) Number of Payees

This information will be forwarded to the appropriate office in an attempt to prevent erroneous notices from being sent to the payees. The correction must be submitted on an actual information return document or filed magnetically/electronically. Provide the correct tax year in Box 2 of the Form 4804 and on the external media label.

**.06** Prior year data, original and corrected, **must** be filed according to the requirements of this revenue procedure. If submitting prior year corrections, use the record format for the current year and submit on separate media. However, use the actual year designation of the correction in Field Positions 2-3. If filing electronically, a separate transmission must be made for each tax year.

**.07** In general, filers should submit corrections for returns to be filed within the last three calendar years (four years if the payment is a reportable payment subject to backup withholding under section 3406 of the Code).

**.08** All paper returns, whether original or corrected, must be filed with the appropriate service center.

**.09** Form 4804 and Form 4802 (if applicable), must be submitted with corrected files submitted magnetically or electronically.

**.10** The "B" Record provides a 20-position field for the Payer's Account Number for the Payee. This number will help identify the appropriate incorrect return if more than one return is filed for a particular payee. **Do not enter a TIN in this field.** A payer's account number for the payee may be a checking account number, savings account number, serial number, or any other number assigned to the payee by the payer that will distinguish the specific account. This number should appear on the initial return and on the corrected return in order to identify and process the correction properly.

**.11** The record sequence for filing corrections is the same as for original returns.

.12 Review the chart that follows. Errors normally fall under one of the two categories listed. Next to each type of error made is a list of instructions on how to file the corrected return.

### Guidelines for Filing Corrected Returns Magnetically/Electronically

Error Made on the Original Return	How To File the Corrected Return
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**Two (2) separate transactions are required to make the following corrections properly. Follow the directions for both Transactions 1 and 2. (See Note 1)**

1. Original return was filed with one or more of the following errors:

- (a) No payee TIN (SSN or EIN)
- (b) Incorrect payee TIN
- (c) Incorrect payee name
- (d) Wrong type of return indicator

**Transaction 1: Identify incorrect returns**

- A. Prepare a new Form 4804/4802 that includes information related to this file.
- B. Mark "Correction" in Block 1 of Form 4804.
- C. Prepare a new file. Make a separate "A" Record for each **type** of return being reported. The information in the "A" Record will be **exactly** the same as it was in the original submission.
- D. The Payee "B" Record must contain **exactly the same** information as submitted previously, except, insert a "G" in Field Position 7 of the "B" Record, and for all payment amounts, enter "0" (zero).
- E. Corrected returns submitted to IRS/MCC using a "G" coded "B" Record may be on the same tape or diskette as those returns submitted without the "G" code; however, separate "A" Records are required.

**Transaction 2: Report the correct information**

- A. Prepare a new file with the correct information in all records.
- B. Make a separate "A" Record for each type of return and each payer being reported.
- C. The "B" Record must show the correct information as well as a "C" in Field Position 7.
- D. Corrected returns submitted to IRS/MCC using a "C" coded "B" Record may be on the same tape or diskette as those returns submitted without the "C" code; **however, separate "A" Records are required.**
- E. Prepare a "C" Record.
- F. Indicate "Correction" on the external media label.

**Note 1:** Payers who can show that they have reasonable cause (defined in the regulations under sections 6721–6724 of the Internal Revenue Code) are not required to make corrections for returns filed with a missing or incorrect name and/or TIN. These payers should change their records in order to submit correct information in the future. Payers who cannot show reasonable cause are encouraged to make corrections for the current processing year by August 1 to reduce applicable penalties. Corrections filed by August 1 will reduce the \$50 per return penalty for filing returns with missing or incorrect information to \$30 or \$15 if filed within 30 days. (For penalty information, refer to the Penalty section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G.") Corrections filed after August 1 will not reduce the penalty but will allow IRS to update the payee's records. The regulations for IRC sections 6721–6724 are available in Publication 1586, Reasonable Cause Regulations and Requirements as They Apply to Missing and Incorrect TINs. The publication may be obtained by calling 1-800-TAX-FORM (1-800-829-3676).

**One transaction is required to make the following corrections properly (See Note 2).**

2. Original return was filed with one or more of the following errors:

- (a) Incorrect payment amount codes in the "A" Record
- (b) Incorrect payment amounts in the "B" Record
- (c) Incorrect code in the document specific/distribution code field in the "B" Record
- (d) Incorrect payee address

- A. Prepare a new Form 4804/4802 that includes information relating to this new file.
- B. Mark "Correction" in Block 1 of Form 4804.
- C. Prepare a new file. Make separate "A" Records for each type of return being reported. Information in the "A" Record may be the same as it was in the original submission.

(e) Direct sales indicator

- D. The "B" Record must show the correct information as well as a "G" in Field Position 7.
- E. Corrected returns submitted to IRS/MCC using a "G" coded "B" Record may be on the same tape or diskette as those returns submitted without the "G" code; **however, separate "A" Records are required.**
- F. Prepare a "C" Record.
- G. Mark "Correction" on the external media label.

**Note 2:** If a filer is correcting the name and/or TIN in addition to any errors listed in item 2 of the chart, then two transactions will be required. If a filer is reporting "G" coded, "C" coded, and/or "Non-coded" (original) returns on the same media, they must be reported under separate "A" Records.

## Sec. 14. Taxpayer Identification Number (TIN)

**.01** Section 6109 of the Internal Revenue Code requires a person to furnish his/her TIN to the person obligated to file the information return.

**.02** The payee's TIN and name combination is used to associate information returns reported to IRS/MCC with corresponding information on tax returns. It is imperative that **correct** Social Security Number (SSN), Individual Tax Identification Number (ITIN), and Employer Identification Number (EIN), for payees be provided to IRS/MCC. **Do not enter hyphens or alpha characters.** Entering all zeros, ones, twos, etc., will have the effect of an incorrect TIN.

**.03** The payer and payee names with associated TINs should be consistent with the names and TINs used on other tax returns. Also, the name and TIN provided must belong to the owner of the account. If the account is recorded in more than one name, furnish the name and TIN of one of the owners of the account. The TIN provided **must** be associated with the name of the payee provided in the first name line of the "B" Record. For individuals, the payee TIN is generally the payee's Social Security Number. For other entities, the payee TIN is the payee's Employer Identification Number. For sole proprietors, the payee TIN may be either an SSN or EIN but **the sole proprietor's name** (not the business name) **must be used on the first name line.**

**.04** Failure to provide the correct name and corresponding TIN could result in a penalty and/or backup withholding notice (sometimes referred to as a "B" Notice). (For penalty information, refer to the Penalty section of the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G." For "B" Notice information, refer to the Backup Withholding section of the same publication.)

**.05** The following charts will help payers determine the TIN to be furnished to IRS/MCC for those persons for whom they are reporting information (payees).

**Chart 1. Guidelines for Social Security Numbers**

For this type of account-	In the Taxpayer Identification Number Field of the Payee "B" Record, enter the SSN of-	In the First Payee Name Line of the Payee "B" Record, enter the name of-
1. Individual	The individual	The individual
2. Joint account (Two or more individuals, including husband and wife)	The actual owner of the account or, if combined funds, the first individual on the account	The individual whose SSN is entered
3. Custodian account of a minor (Uniform Gift, or Transfers, to Minors Act)	The minor	The minor
4. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee	The grantor-trustee
5. Aso-called trust account that is not a legal or valid trust under state law	The actual owner	The actual owner
6. Sole proprietorship	The owner (An SSN or EIN)	The owner, not the business name (the filer may enter the business name on the second name line).

## Chart 2. Guidelines for Employer Identification Numbers

For this type of account-	In the Taxpayer Identification Number Field of the Payee "B" Record, enter the EIN of-	In the First Payee Name Line of the Payee "B" Record, enter the name of-
1. A valid trust, estate, or pension trust	The legal entity <sup>1</sup>	The legal trust, estate, or pension trust <sup>1</sup>
2. Corporate	The corporation	The corporation
3. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization	The organization
4. Partnership account held in the name of the business	The partnership	The partnership
5. A broker or registered nominee/middleman	The broker or nominee/middleman	The broker or nominee/middleman
6. Account with Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison), that receives agriculture program payments	The public entity	The public entity
7. Sole proprietorship	The business (An EIN or SSN)	The owner, not the business name (the filer may enter the business name on the second name line).

<sup>1</sup> Do not furnish the identification number of the personal representative or trustee unless the name of the representative or trustee is used in the account title.

### Sec. 15. Effect on Paper Returns and Statements to Recipients

**.01** Magnetic/electronic reporting of information returns eliminates the need to submit paper documents to the IRS. **CAUTION! Do not send Copy A of the paperforms to IRS/MCC in addition to magnetic media and electronic filing.** This will result in duplicate filing; therefore, erroneous notices could be generated.

**.02** Payers are responsible for providing statements to the recipients as outlined in the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G." Refer to these instructions for filing information returns on paper with the IRS and furnishing statements to recipients.

**.03** Statements to recipients should be clear and legible. If the official IRS form is not used, the filer must adhere to the specifications and guidelines in Publication 1179, "Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099 series, 5498, and W-2G."

### Sec. 16. Combined Federal/State Filing Program

**.01** The Combined Federal/State Filing Program was established to simplify information returns filing for the taxpayer. IRS/MCC will forward this information to participating states free of charge for approved filers. Separate reporting to those states is not necessary. The following information returns **may not** be filed under this program:

- Form 1098 — Mortgage Interest Statement
- Form 1099-A — Acquisition or Abandonment of Secured Property
- Form 1099-B — Proceeds From Broker and Barter Exchange Transactions
- Form 1099-C — Cancellation of Debt
- Form 1099-LTC — Long-Term Care and Accelerated Death Benefits
- Form 1099-MSA — Distributions From Medical Savings Accounts
- Form 1099-S — Proceeds From Real Estate Transactions
- Form 5498-MSA — Medical Savings Account Information
- Form W-2G — Certain Gambling Winnings

**.02** To request approval to participate, a magnetic media or electronic test file coded for this program **must** be submitted to IRS/MCC between November 1 and December 31. **Hard copy print tests are not acceptable** for Combined Federal/State Filing approval.

**.03** Attach a letter to the Form 4804 submitted with the test file to indicate a desire to participate in this program.

**.04** Atest file is only required for the first year. Each record, both in the test and the actual data file, must conform to this revenue procedure.

**.05** If the test file is acceptable, IRS/MCC will send the filer an approval letter, and a Form 6847, Consent for Internal Revenue Service to Release Tax Information, which the payer **must** complete, sign, and return to IRS/MCC before any tax information can be released to the state. Filers must write their TCC on Form 6847.

**.06** If the test file is not acceptable, IRS/MCC will return the media with a letter indicating the problems. The replacement test file must be returned to IRS/MCC on or before December 31.

**.07** Aseparate Form 6847 is **required** for each payer. Atransmitter may not combine payers on one Form 6847 even if acting as Attorney-in-Fact for several payers. Form 6847 may be computer-generated as long as it includes all information that is on the original form or it may be photocopied. If the Form 6847 is signed by an Attorney-in-Fact, the written consent from the payer must clearly indicate that the Attorney-in-Fact is empowered to authorize release of the information.

**.08** Only code the records for participating states and for those payers who have submitted Form 6847.

**.09** Some participating states require separate notification that the payer is filing in this manner. Since IRS/MCC acts as a forwarding agent only, **it is the payer’s responsibility to contact the appropriate states for further information.**

**.10** All corrections properly coded for the Combined Federal/ State Filing Program will be forwarded to the participating states.

**.11** Participating states and corresponding valid state codes are listed in **Table 1** of this section. The appropriate state code **must** be entered for those documents that meet the state filing requirements; **do not use state abbreviations.**

**.12** To simplify filing, some of the participating states have provided their information return reporting requirements (see **Table 2**). **State filing regulations are subject to change by the state. It is the payer’s responsibility to contact the participating states to verify the criteria provided in this table.**

**.13** Upon submission of the actual files, the transmitter must be sure of the following:

- (a) All records should be coded exactly as required by this revenue procedure.
- (b) The “C” Record **must be** followed by a State Totals “K” Record for each state being reported.
- (c) Payment amount totals and the valid participating state code must be included in the State Totals “K” Record.
- (d) The last “K” Record **must be** followed by an “A” Record or an End of Transmission “F” Record (if this is the last record of the entire file).

**Table 1. Participating States And Their Codes**

State	Code	State	Code	State	Code
Alabama	01	Iowa	19	North Carolina	37
Arizona	04	Kansas	20	North Dakota	38
Arkansas	05	Maine	23	Oregon	41
California	06	Massachusetts	25	South Carolina	45
Delaware	10	Minnesota	27	Tennessee	47
District of Columbia	11	Mississippi	28	Wisconsin	55
Georgia	13	Missouri	29		
Hawaii	15	Montana	30		
Idaho	16	New Jersey	34		
Indiana	18	New Mexico	35		

**Table 2. Dollar Criteria For State Reporting**

STATE	1099– DIV	1099–G	1099– INT	1099– MISC	1099– OID	1099– PATR	1099–R	5498
Alabama	\$1500	\$ NR	\$1500	\$1500	\$1500	\$1500	\$1500	NR
Arkansas	100	2500	100	2500	2500	2500	2500	<sup>a</sup>
District of Columbia <sup>b</sup>	600	600	600	600	600	600	600	NR

STATE	1099– DIV	1099–G	1099– INT	1099– MISC	1099– OID	1099– PATR	1099–R	5498
Hawaii	10	a	10	600	10	10	600	a
Idaho	NR	NR	NR	600	NR	NR	a	a
Iowa	100	1000	1000	1000	1000	1000	1000	NR
Minnesota	10	10	10	600	10	10	600	a
Mississippi	600	600	600	600	600	600	600	NR
Missouri	NR	NR	NR	1200 <sup>c</sup>	NR	NR	NR	NR
Montana	10	10	10	600	10	10	600	a
New Jersey	1000	1000	1000	1000	1000	1000	1000	NR
North Carolina	100	100	100	600	100	100	100	a
Tennessee	25	NR	25	NR	NR	NR	NR	NR
Wisconsin	NR	NR	NR	600	NR	NR	600	NR

The preceding list is for information purposes only. The state filing requirements are subject to change by the states. For complete information on state filing requirements, contact the appropriate state tax agencies.

Filing requirements for states in TABLE 1 not shown in TABLE 2 are the same as the federal requirement.

NR = No filing requirement

Footnotes:

- a. All amounts are to be reported.
- b. Amounts are for aggregates of several types of income from the same payer.
- c. Missouri would prefer those returns filed with respect to non-Missouri residents to be sent directly to their state agency.

## Sec. 17. Definition of Terms

<i>Element</i>	<i>Description</i>
Asynchronous Protocols	This type of data transmission is most often used by micro-computers, PCs and some minicomputers. <i>A s y n c h r o n o u s</i> transmissions transfer data at arbitrary time intervals using the start-stop method. Each character transmitted has its own start bit and stop bit.
<i>b</i>	Denotes a blank position. Enter blank(s) when this symbol is used (do not enter the letter “b”). This appears in numerous areas throughout the record descriptions.
Bisynchronous Protocols	For purposes of this publication, these are electronic transmissions made using IBM 3780 protocols. These transmissions must be in EBCDIC character code and use the Bell 208B (4800bps), AT&T 2296A(9600bps) or Hayes OPTIMA 288 V.FC Smartmodem (14400bps) modems. Standard IBM 3780 space compression is acceptable.
Correction	A correction is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/MCC, but contained erroneous information.
<p><b>Note: A correction should not be confused with a replacement. Only media returned to the filer by IRS/MCC due to processing problems should be marked replacement.</b></p>	
CUSIP Number	A number developed by the Committee on Uniform Security Identification Procedures to serve as a common denominator in communications among users for security transactions and security information.
Employer Identification Number (EIN)	Anine-digit number assigned by IRS for federal tax reporting purposes.
Electronic Filing	Submission of information returns using switched telecommunications network circuits. These transmissions use

	modems, dial-up phone lines, and asynchronous or bisynchronous protocols. See Parts A, C, and D of this publication for specific information on electronic filing.
File	For purposes of this revenue procedure, a file consists of all records submitted by a payer or transmitter, either magnetically or electronically.
Filer	Person (may be payer and/or transmitter) submitting information returns to IRS.
Filing Year	The actual year in which the information returns are being submitted to IRS.
Golden Parachute Payment	A payment made by a corporation to a certain officer, shareholder, or highly compensated individual when a change in the ownership or control of the corporation occurs or when a change in the ownership of a substantial part of the corporate assets occurs.
Incorrect Taxpayer Identification Number (Incorrect TIN)	<p>ATIN may be incorrect for several reasons:</p> <ul style="list-style-type: none"> <li>(a) The payee provided a wrong number or name (<i>e.g.</i>, the payee is listed as the only owner of an account but provided someone else's TIN).</li> <li>(b) A processing error (<i>e.g.</i>, the number or name was typed incorrectly).</li> <li>(c) The payee's status changed (<i>e.g.</i>, a payee name change was not conveyed to the IRS or SSA so that they could enter the change in their records).</li> </ul>
<i>Individual Taxpayer Identification Number (ITIN)</i>	<i>A nine digit number issued by IRS to individuals who are required to have a U.S. taxpayer identification number but are not eligible to obtain a Social Security Number (SSN).</i>
Information Return	The vehicle for submitting required information about another person to IRS. Information returns are filed by financial institutions and by others who make certain types of payments as part of their trade or business. The information required to be reported on an information return includes interest, dividends, pensions, nonemployee compensation for personal services, stock transactions, sales of real estate, mortgage interest, and other types of information. For this revenue procedure, an information return is a Form 1098, 1099-A, 1099-B, 1099-C, 1099-DIV, 1099-G, 1099-INT, 1099-LTC, 1099-MISC, 1099-MSA, 1099-OID, 1099-PATR, 1099-R, 1099-S, 5498, 5498-MSA or W-2G.
Magnetic Media	For this revenue procedure, the term "magnetic media" refers to 1/2-inch magnetic tape; IBM 3480/3490/3490E or AS400 compatible tape cartridge; 8mm, 4mm, and QIC (Quarter Inch Cartridges) cartridges or 5 1/4- and 3 1/2-inch diskette.
Media Tracking Slip	Form 9267 accompanies media that IRS/MCC has returned to the filer for replacement due to incorrect format or errors encountered when trying to process the media. <b>This must be returned with the replacement file.</b>
Missing Taxpayer Identification Number (Missing TIN)	<p>The payee TIN on an information return is "missing" if:</p> <ul style="list-style-type: none"> <li>(a) there is no entry in the TIN field,</li> <li>(b) includes one or more alpha characters (a character or symbol other than an Arabic number) as one of the nine digits, OR</li> <li>(c) payee TIN has less than nine digits</li> </ul>
PS 58 Costs	The current cost of life insurance under a qualified plan taxable under section 72(m) and section 1.72-16(b) of the In-

come Tax Regulations. (See Part B, Sec. 7, Payee “B” Record, Document Specific/Distribution Code, Category of Distribution, Code 9.)

Person or organization receiving payments from the payer, or for whom an information return must be filed. The payee includes a borrower (Form 1099–A), a debtor (1099–C), a *policyholder or insured* (Form 1099–LTC), an IRA, SEP, or SIMPLE plan participant (Form 5498), and a gambling winner (Form W–2G). For Form 1098, the payee is the individual paying the interest. For Form 1099–S, the payee is the seller or other transferor.

Includes the person making payments, a recipient of mortgage interest payments, a broker, a person reporting a real estate transaction, a barter exchange, a creditor, a trustee, or issuer of an IRA, SEP, or SIMPLE, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned. The payer will be held responsible for the completeness, accuracy, and timely submission of magnetic media files.

A replacement is an information return file that IRS/MCC has returned to the transmitter due to errors encountered during processing.

Payee

Payer

Replacement

**Note:** Filers should never submit media to IRS/MCC marked “Replacement” unless IRS/MCC returned media to the filers. When sending “Replacement” media, be sure to include the Media Tracking Slip (Form 9267) which will accompany media returned by IRS/MCC. Media that has been incorrectly marked as Replacement may result in duplicate filing.

Service Bureau

Person or organization with whom the payer has a contract to prepare and/or submit information return files to IRS/MCC. A parent company submitting data for a subsidiary is not considered a service bureau.

Social Security Number (SSN)

A nine-digit number assigned by SSA to an individual for wage and tax reporting purposes.

Special Character

Any character that is not a numeral, an alpha, or a blank.

SSA

Social Security Administration.

Taxpayer Identification Number (TIN)

Refers to either an Employer Identification Number (EIN), Social Security Number (SSN) or *Individual Taxpayer Identification Number (ITIN)*.

Tax year

Generally, the year in which payments were made by a payer to a payee.

Transfer Agent

The transfer agent, or paying agent, is the entity who has been contracted or authorized by the payer to perform the services of paying and reporting backup withholding (Form 945).

Transmitter

Refers to the person or organization submitting file(s) magnetically/ electronically. The transmitter may be the payer or agent of the payer.

Transmitter Control Code (TCC)

A five character alpha/numeric number assigned by IRS/MCC to the transmitter prior to actual filing magnetically or electronically. This number is inserted in the “A” Record of the files and **must** be present before the file can be processed. An application Form 4419 must be filed with IRS/MCC to receive this number.

Vendor

Vendors include service bureaus that produce information return files on the prescribed types of magnetic media or via

electronic filing for payers. Vendors also include companies who provide software for payers who wish to produce their own media or electronic files.

## Sec. 18. State Abbreviations

.01 The following state and U.S. territory abbreviations are to be used when developing the state code portion of address fields. This table provides state and territory abbreviations only, and does not represent those states participating in the Combined Federal/State Filing Program.

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

\*This abbreviation applies to the United States Virgin Islands

.02 Filers must adhere to the city, state, and ZIP code format for U.S. addresses in the “B” Record. This also includes American Samoa, Federated States of Micronesia, Guam, Marshall Islands, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

.03 For foreign country addresses, filers may use a 40 position free format which should include city, province or state, postal code, and name of country in this order. This is allowable only if a “1” (one) appears in the Foreign Country Indicator, Field Position 161 of the “B” Record.

.04 When reporting APO/FPO addresses use the following format:

### EXAMPLE:

Payee Name	PVTWillard J. Doe
Mailing Address	Company F, PSC Box 100 167 Infantry REGT
Payee City	APO (or FPO)
Payee State	AE, AA, or AP*
Payee ZIP Code	098010100

\*AE is the designation for ZIPs beginning with 090-098, AA for ZIP 340, and AP for ZIPs 962-966.

## Sec. 19. Major Problems Encountered

IRS/MCC encourages filers to verify the format and content of each type of record to ensure the accuracy of the data. This may eliminate the need for IRS/MCC to return files for replacement. This may be important for those payers who have either had their files prepared by a service bureau or who have purchased preprogrammed software packages (see **Note**). If a filer purchased a software package for a previous tax year, it may no longer be valid for reporting current tax year information returns.



## 10. Distribution Codes for Form 1099-R reported incorrectly

Distribution codes for Form 1099-R are being reported incorrectly or not being reported. See valid distribution codes for Form 1099-R in the Payee "B" Record layout.

## 11. Incorrect Record Totals Listed on Form 4804

The Combined Total Payee Records listed on the Form 4804 (Box 9) are used in the verification process of information returns. The figure in this box should be the total number of Payee "B" Records contained on the media submitted with the Form 4804. The figures on the Form 4804 are compared against the total number of Payee "B" Records processed on the media. Imbalances may necessitate the return of the files for replacement.

## 12. Invalid Use of IRA/SEP/SIMPLE Indicator

The IRA, SEP, or SIMPLE Indicator for Form 1099-R should be used only for the reporting of a distribution from an IRA, SEP or SIMPLE. The total amount distributed from an IRA, SEP or SIMPLE should be reported in Payment Amount Field 2 (IRA/SEP/SIMPLE Distribution).

## Part B. Magnetic Media Specifications

### Sec. 1. General

**.01** The specifications contained in this part of the revenue procedure define the required format and contents of the records to be included in the magnetic media file.

**.02** A provision is made in the "B" Records for Special Data Entries. These entries are optional. If the field is not utilized, enter blanks to maintain a fixed record length of 420 positions. The field is intended to serve one or both of these purposes:

- (a) Contain information required by state or local governments. Filers who wish to use this option for satisfying state or local reporting requirements should contact the state or local department of revenue for filing instructions. (Also refer to Part A, Sec. 16.)
- (b) Contain information for the filer's own personal use and used at the discretion of the filer to include information related to each individual return. IRS/MCC will not use the information supplied in this field. The length of this field will vary depending on the type of return.

**.03** Transmitters should be consistent in the use of recording codes and density on files. If the media does not meet these specifications, it could be returned to the transmitter for replacement. Filers are encouraged to submit a test prior to submitting the actual file. Contact IRS/MCC for further information at 304-263-8700.

### Sec. 2. Tape Specifications

**.01** IRS/MCC can process most magnetic tape files if the following specifications are followed:

- (a) 9 track EBCDIC (Extended Binary Coded Decimal Interchange Code) with:
  - (1) Odd parity.
  - (2) Adensity of 1600 or 6250 CPI.
  - (3) If transmitters use UNISYS Series 1100, they must submit an interchange tape.
- (b) 9 track ASCII (American Standard Coded Information Interchange) with:
  - (1) Odd parity.
  - (2) Adensity of 1600 or 6250 CPI.

Transmitters should be consistent in the use of recording codes and density on files.

**.02** All compatible tape files must have the following characteristics: Type of tape - 1/2-inch (12.7 mm) wide, computer-grade magnetic tape on reels of up to 2,400 feet (731.52 m) within the following specifications:

- (a) Tape thickness: 1.0 or 1.5 mils and
- (b) Reel diameter: 10 1/2-inch (26.67 cm), 8 1/2-inch (21.59 cm), 7-inch (17.78 cm), or 6-inch.

**.03** The tape records defined in this revenue procedure may be blocked subject to the following:

- (a) A block must not exceed 32,760 tape positions.
- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item b above). The block length must be evenly divisible by 420.
- (d) Records may not span blocks.

**.04** Labeled or unlabeled tapes may be submitted.

**.05** For the purposes of this revenue procedure the following must be used:

Tape Mark:

- (a) Used to signify the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).

(c) May follow the header label and precede and/or follow the trailer label.

.06 IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tape-mark, but **must** end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.

### Sec. 3. Tape Cartridge Specifications

.01 In most instances, IRS/MCC can process tape cartridges that meet the following specifications:

- (a) Must be IBM 3480, 3490, 3490E, or AS400 compatible.
- (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
  - (1) Tape cartridges will be 1/2-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
  - (2) Magnetic tape will be chromium dioxide particle based 1/2-inch tape.
  - (3) Cartridges must be 18-track or 36-track parallel (See **Note**).
  - (4) Cartridges will contain 37,871 CPI or 75,742 CPI (characters per inch).
  - (5) Mode will be full function.
  - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
  - (7) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used.

.02 The tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block **must not** exceed 32,760 tape positions.
- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item b above). The block length must be evenly divisible by 420.
- (d) Records may not span blocks.

.03 Tape cartridges may be labeled or unlabeled.

.04 For the purposes of this revenue procedure, the following must be used:

Tape Mark:

- (a) Used to signify the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).
- (c) May follow the header label and precede and/or follow the trailer label.

**Note:** Filers should indicate on the external media label and transmittal Form 4804 whether the cartridge is 36-track or 18-track.

### Sec. 4. 8mm, 4mm, and Quarter Inch Cartridge Specifications

.01 In most instances, IRS/MCC can process 8mm tape cartridges that meet the following specifications:

- (a) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
  - (1) Created from an AS400 operating systems only.
  - (2) 8mm (.315-inch) tape cartridges will be 2 1/2-inch by 3 3/4-inch.
  - (3) The 8mm tape cartridges must meet the following specifications:

<i>Tracks</i>	<i>Density</i>	<i>Capacity</i>
<i>1</i>	<i>20 (43245 BPI)</i>	<i>2.3 Gb</i>
<i>1</i>	<i>21 (45434 BPI)</i>	<i>5 Gb</i>

- (4) Mode will be full function.
- (5) Compressed data is not acceptable.
- (6) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used. However, IRS/MCC encourages the use of EBCDIC. This information must appear on the external media label affixed to the cartridge.
- (7) A file may consist of more than one cartridge, however, no more than 250,000 documents may be transmitted per file or per cartridge. The filename, for example; IRSTAX, will contain a three digit extension. The extension will indicate the sequence of the cartridge within the file (e.g., 1 of 3, 2 of 3, and 3 of 3 and would appear in the header label IRSTAX.001, IRSTAX.002, and IRSTAX.003 on each cartridge of the file). **The end of transmission "F" Record should be placed on the last cartridge only for files containing multiple cartridges.**

.02 The 8mm (.315-inch) tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block **must not** exceed 32,760 tape positions.

- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 420.
- (d) *Various COPY commands have been successful, however, the SAVE OBJECT COMMAND is not acceptable.*
- (e) Extraneous data following the "F" record will result in media being returned for replacement.
- (f) Records may not span blocks.
- (g) No more than 250,000 documents per cartridge and per file.

**.03** For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. IRSTAX may be used as a suggested filename.

**.04** For the purposes of this revenue procedure, the following must be used:

Tape Mark:

- (a) Used to signify the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).
- (c) May follow the header label and precede and/or follow the trailer label.

**.05** If extraneous data follows the End of Transmission "F" Record, the file must be returned for replacement. Therefore, IRS/MCC encourages transmitters to use blank tape cartridges, rather than cartridges previously used, in the preparation of data when submitting information returns.

**.06** IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tape-mark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.

**.07** *4mm (.157-inch) cassettes are now acceptable with the following specifications:*

- (a) *4mm cassettes will be 2 1/4-inch by 3-inch.*
- (b) *The tracks are 1 (one).*
- (c) *The density is 19 (61000 BPI).*
- (d) *The typical capacity is DDS (DAT Data Storage) at 1.3 Gb or 2 Gb, or DDS-2 at 4 Gb.*
- (e) *The general specifications for 8mm cartridges will also apply to the 4mm cart r i d g e s .*

**.08** *Various Quarter Inch Cartridges (QIC) (1/4-inch) are also acceptable.*

- (a) *QIC cartridges will be 4" by 6".*
- (b) *QIC cartridges must meet the following specifications:*

Size	Tracks	Density	Capacity
QIC-11	4/5	4 (8000 BPI)	22Mb or 30Mb
QIC-24	8/9	5 (8000 BPI)	45Mb or 60Mb
QIC-120	15	15 (10000 BPI)	120Mb or 200Mb
QIC-150	18	16 (10000 BPI)	150Mb or 250Mb
QIC-320	26	17 (16000 BPI)	320Mb
QIC-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-1350	30	18 (51667 BPI)	1.3Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb

- (c) *The general specifications that apply to 8mm cartridges will also apply to QIC cart r i d g e s .*

## Sec. 5. 5 1/4-inch And 3 1/2-inch Diskette Specifications

**.01** To be compatible, a diskette file must meet the following specifications:

- (a) *5 1/4- or 3 1/2-inches in diameter.*
- (b) *IRS recommends data be r e c o r d e d in standard ASCII code. However, if data is r e c o r d e d using EBCDIC, a 5 1/4-inch diskettes must be used and a 1024 byte sector would be valid for System 36 or A S 4 0 0 .*

*The following command to format the diskette into a 1024 byte sector is: **INITIRSTAX,,FORMAT2***

*The save commands are as follows:*

- (1) *The save command for System 36 is SAVE .*
- (2) *The save command for AS400 is SAF36F.*
- (c) Records must be a fixed length of 420 bytes per record.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 419 and 420 of each record have been reserved for use as carriage return/line feed (cr/lf) characters, if applicable.
- (f) Filename of IRSTAX must be used. Do not enter any other data in this field. If a file will consist of more than one diskette, the filename IRSTAX will contain a three-digit extension. This extension will indicate the sequence of the

diskettes within the file. For example, the first diskette will be named IRSTAX.001, the second diskette will be IRSTAX.002, etc.

- (g) A diskette file may consist of multiple diskettes as long as the file naming conventions are followed.
- (h) Diskettes must meet one of the following specifications:

<i>Capacity</i>	<i>Tracks</i>	<i>Sides/Density</i>	<i>Sector Size</i>
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512
1.2 mb	96tpi	hd	512
720 kb	48tpi	ds/dd	512
360 kb	48tpi	ds/dd	512
320 kb	48tpi	ds/dd	512
180 kb	48tpi	ss/dd	512
160 kb	48tpi	ss/dd	512

**.02** IRS/MCC encourages transmitters to use blank or currently formatted diskettes when preparing files (See **Note**). If extraneous data follows the End of Transmission “F” Record, the file must be returned for replacement.

**.03** IRS/MCC prefers that 5 1/4- and 3 1/2-inch diskettes be created using MS-DOS; however, diskettes created using other operating systems may be acceptable. IRS/MCC has equipment that can convert diskettes created under most operating systems to the appropriate MS-DOS format. IRS/MCC strongly recommends that transmitters submit a test file for 5 1/4- and 3 1/2-inch diskettes, especially if their data was not created using MS-DOS.

**Note:** 3 1/2-inch diskettes created on a System 36 or AS400 are not acceptable.

**.04** Transmitters are encouraged to use high density diskettes. Low density diskettes are acceptable but must be formatted in low density.

**.05** Transmitters should check media for viruses before submitting media to IRS/MCC.

## Sec. 6. Payer/Transmitter “A” Record — General Field Descriptions

**.01** The Payer/Transmitter “A” Record identifies the payer and transmitter of the magnetic media file and provides parameters for the succeeding Payee “B” Records. IRS computer programs rely on the absolute relationship between the parameters and data fields in the “A” Record and the data fields in the “B” Records to which they apply.

**.02** The number of “A” Records depends on the number of payers and the different types of returns being reported. The payment amounts for one payer and for one type of return should be consolidated under one “A” Record if submitted on the same file.

**.03** Do not submit separate “A” Records for each payment amount being reported. For example, if a payer is filing Form 1099-DIV to report Amount Codes 1, 2, and 3, all three amount codes should be reported under one “A” Record, not three separate “A” Records. For “B” Records that do not contain payment amounts for all three amount codes, enter zeros for those which have no payment to be reported.

**.04** The first record on the file must be an “A” Record. A transmitter may include “B” Records for more than one payer on a tape or diskette. However, each **group** of “B” Records must be preceded by an “A” Record and followed by an End of Payer “C” Record. A single tape or diskette may contain different types of returns but the types of returns **must not** be intermingled. As separate “A” Record is required for each payer and each type of return being reported.

**.05 All records must be a fixed length of 420 positions.**

**.06** An “A” Record may be blocked with “B” Records, however, the initial record on a file must be an “A” Record. IRS/MCC will accept an “A” Record after a “C” Record.

**.07** Do not begin any record at the end of a block or diskette and continue the same record into the next block or diskette.

**.08** All alpha characters entered in the “A” Record must be upper- c a s e.

**.09** When filing Form 1098, Mortgage Interest Statement, the “A” Record will reflect the name of the recipient of the interest referred to as the payer in these instructions. The “B” Record will reflect the individual paying the interest (borrower/payer of record) and the amount paid.

**Note:** For all fields marked **Required**, the transmitter must provide the information described under **Description and Remarks**. For those fields not marked **Required**, a transmitter must allow for the field, but may be instructed to enter blanks or z e r o s in the indicated media position(s) and for the indicated length. All records are now a fixed length of 420 positions.

**Record Name: Payer/Transmitter "A" Record**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter "A."
2-3	Payment Year	2	<b>Required.</b> Enter "97" (unless reporting prior year data).
4-6	Reel Sequence Number	3	The reel sequence number is incremented by 1 for each tape or diskette on the file starting with 001. The transmitter may enter blanks or zeros in this field. IRS/MCC bypasses this information. Indicate the proper sequence on the external media label.
7-15	Payer's TIN	9	<b>Required.</b> Must be the valid nine-digit Taxpayer Identification Number assigned to the payer. <b>Do not enter blanks, hyphens, or alpha characters.</b> All zeros, ones, twos, etc., will have the effect of an incorrect TIN.

☞ **Note:** For foreign entities that are not required to have a TIN, this field **must be blank.** However, the Foreign Entity Indicator, position 49 of the "A" Record, must be set to "1" (one).

16-19	Payer Name Control	4	The Payer Name Control can be obtained only from the mail label on the Package 1099 that is mailed to most payers each December. To distinguish between Package 1099 and the Magnetic Media Reporting (MMR) Package, the Package 1099 contains instructions for paper filing only, and the mail label on the package contains a four (4) character name control. The MMR Package contains instructions for filing magnetically or electronically. The mail label <b>does not</b> contain a name control. Names of less than four (4) characters should be left-justified, filling the unused positions with blanks. If a Package 1099 has not been received or the Payer Name Control is unknown, this field must be blank filled.
20	Last Filing Indicator	1	Enter a "1" (one) if this is the last year the payer will file; otherwise, <b>enter blank.</b> Use this indicator if the payer will not be filing information returns under this payer name and TIN in the future either magnetically, electronically, or on paper.
21	Combined Federal/State Filer	1	<b>Required</b> for the Combined Federal/State Filing Program. Enter "1" (one) if participating in the Combined Federal/State Filing Program; otherwise, <b>enter blank.</b> Refer to Part A, Sec. 16, for further information. Forms 1098, 1099-A, 1099-B, 1099-C, 1099-LTC, 1099-MSA, 1099-S, 5498-MSA and W-2G <b>cannot</b> be filed under this program.
22	Type of Return	1	<b>Required.</b> Enter the appropriate code from the table below:

Type of Return	Code
1098	3
1099-A	4
1099-B	B
1099-C	5
1099-DIV	1
1099-G	F
1099-INT	6
1099-LTC	T
1099-MISC	A
1099-MSA	M
1099-OID	D
1099-PATR	7
1099-R	9
1099-S	S
5498	L
5498-MSA	K
W-2G	W

23-31 Amount Codes 9  
(See Note)

**Required.** Enter the appropriate amount codes for the type of return being reported. Generally, for each amount code entered in this field, a corresponding payment amount **must** appear in the Payee "B" Record. **In most cases, the box numbers on paper information returns correspond with the amount codes used to file magnetically/electronically. However, if discrepancies occur, this revenue procedure governs.**

**Example of Amount Codes:**

If position 22 of the Payer/Transmitter "A" Record is "A" (for 1099-MISC) and positions 23-31 are "1247bbbb", this indicates the payer is reporting any or all four payment amounts (1247) in all of the following "B" Records. **(In this example, "b" denotes blanks in the designated positions. Do not enter the letter "b".)**

- The first** payment amount field will represent rents;
- the second** will represent royalties;
- the third** will be all "0" (zeros);
- the fourth** will represent Federal income tax withheld;
- the fifth and sixth** will be all "0" (zeros);
- the seventh** will represent nonemployee compensation;
- and
- the eighth and ninth** will be all "0" (zeros).

Enter the amount codes in **ascending sequence** (*i.e.*, 1247bbbb, left justify information, and fill unused positions with blanks. For further clarification of the amount codes, contact IRS/MCC. **(In this example, "b" denotes blanks in the designated positions. Do not enter the letter "b".)**

**Note:** A type of return and an amount code must be present in every Payer "A" Record even if no money amounts are being reported. For a detailed explanation of the information to be reported in each amount code, refer to the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G."

<i>Amount Code</i>	<i>Amount Type</i>
1	Mortgage interest received from payer(s)/borrower(s)
2	Points paid on purchase of principal residence
3	Refund (or credit) of overpaid interest

Amount Codes **Form 1099-A** —  
of Secured Property (See **Note**)

For Reporting the Acquisition or Acquisition or Abandonment  
Abandonment of Secured Property on Form 1099-A:

<i>Amount Code</i>	<i>Amount Type</i>
2	Balance of principal outstanding
4	Fair market value of property

☞ **Note:** If, in the same calendar year, a debt is canceled in connection with the acquisition or abandonment of secured property for one debtor and the filer would be required to file both Forms 1099-A and 1099-C, the filer is required to file Form 1099-C only. See the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2G” for further information on coordination with Form 1099-C.

Amount Codes **Form 1099-B** Proceeds From  
Broker and Barter Exchange Transactions

For Reporting Payments on Form 1099-B:

<i>Amount Code</i>	<i>Amount Type</i>
2	Stocks, bonds, etc. (For forward contracts, See <b>Note 1</b> )
3	Bartering (Do not report negative amounts.)
4	Federal income tax withheld (backup withholding) (Do not report negative amounts.)
6	Profit (or loss) realized on closed regulated futures or foreign currency contracts in 1997 (See <b>Note 2</b> ).
7	Unrealized profit (or loss) on open contracts-12/31/96 (See <b>Note 2</b> ).
8	Unrealized profit (or loss) on open contracts- 12/31/97 (See <b>Note 2</b> ).
9	Aggregate profit (or loss) (See <b>Note 2</b> ).

☞ **Note 1:** The payment amount field associated with Amount Code 2 may be used to represent a loss from a closing transaction on a forward contract. Refer to the “B” Record — General Field Descriptions, Payment Amount Fields, for instructions on reporting negative amounts.

☞ **Note 2:** Payment Amount Fields 6, 7, 8, and 9 are to be used for the reporting of regulated futures or foreign currency contracts.

Amount Codes **Form 1099-C** —  
Cancellation of Debt (See **Note 1**)

For Reporting Cancellation of Debt on Form 1099-C:

<i>Amount Code</i>	<i>Amount Type</i>
2	Amount of debt canceled
3	Interest if included in Amount Code 2
7	Fair market value of property (See <b>Note 2</b> )

☞ **Note 1:** If, in the same calendar year, a debt is canceled in connection with the acquisition or abandonment of secured property for one debtor and the filer would be required to file both Forms 1099-C and 1099-A (Acquisition or Abandonment of Secured Property), the filer is required to file Form 1099-C only.

ment of Secured Property), the filer is required to file Form 1099-C only. See the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2G” for further information on coordination with Form 1099-A.

☞ **Note 2:** Amount Code 7 will be used only if a combined Form 1099-A and 1099-C is being filed.

Amount Codes **Form 1099-DIV** —  
Dividends and Distributions

For Reporting Payments on Form 1099-DIV  
:

<i>Amount Code</i>	<i>Amount Type</i>
1	Gross dividends and other distributions on stock (See <b>Note</b> )
2	Ordinary dividends (See <b>Note</b> )
3	Capital gain distributions (See <b>Note</b> )
4	Nontaxable distributions (if determinable) (See <b>Note</b> )
5	Investment expenses (See <b>Note</b> )
6	Federal income tax withheld (backup withholding)
7	Foreign tax paid
8	Cash liquidation distributions
9	Noncash liquidation distributions (show fair market value)

☞ **Note:** Amount Code 1 must be present (unless the payer is using Amount Codes 8 or 9 only) and must equal the sum of amounts reported for Amount Codes 2, 3, 4, and 5. If an amount is present for Amount Code 1, there must be an amount present for Amount Codes 2-5, as applicable.

Amount Codes **Form 1099-G** — Certain Government  
Payments

For Reporting Payments on Form 1099-G:

<i>Amount Code</i>	<i>Amount Type</i>
1	Unemployment compensation
2	State or local income tax refunds, credits, or offsets
4	Federal income tax withheld (backup withholding) or voluntary withholding on unemployment compensation or Commodity Credit Corporation Loans, or certain crop disaster payments
6	Taxable grants
7	Agriculture payments

Amount Codes **Form 1099-INT** — Interest Income

For Reporting Payments on Form 1099-INT:

<i>Amount Code</i>	<i>Amount Type</i>
1	Interest income not included in Amount Code 3
2	Early withdrawal penalty
3	Interest on U.S. Savings Bonds and Treasury obligations
4	Federal income tax withheld (backup withholding)
5	Foreign tax paid

Amount Codes **Form 1099-LTC** — Long-Term Care and Accelerated Death Benefits

For Reporting Payments on Form 1099-LTC:

<i>Amount Code</i>	<i>Amount Type</i>
1	Gross long-term care benefits paid
2	Accelerated death benefits paid

Amount Codes **Form 1099-MISC** — Miscellaneous Income

For Reporting Payments on Form 1099-MISC:

<i>Amount Code</i>	<i>Amount Type</i>
1	Rents (See <b>Note 1</b> )
2	Royalties (See <b>Note 2</b> )
3	Other income
4	Federal income tax withheld (backup withholding or withholding on payments of Indian gaming profits)
5	Fishing boat proceeds
6	Medical and health care payments
7	Nonemployee compensation or crop insurance proceeds (See <b>Note 3</b> )
8	Substitute payments in lieu of dividends or interest
9	Excess golden parachute payments

☞ **Note 1:** If reporting the Direct Sales Indicator only, use Type of Return Code A for 1099-MISC in position 22, and Amount Code 1 in position 23 of the Payer “A” record. All payment amount fields in the Payee “B” record will contain zeros.

☞ **Note 2:** Do not report timber royalties under a “pay-as-cut” contract; these must be reported on Form 1099-S.

☞ **Note 3:** Amount Code 7 is normally used to report nonemployee compensation. However, Amount Code 7 may also be used to report crop insurance proceeds. See positions 4–5 of the “B” Record for instructions. If nonemployee compensation and crop insurance proceeds are being paid to the same payee, a separate “B” Record for each transaction is required.

Amount Codes **Form 1099-MSA** Distributions From Medical Savings Accounts

For Reporting Distributions from Medical Savings Accounts on Form 1099-MSA

<i>Amount Code</i>	<i>Amount Type</i>
1	Gross distribution
2	Earnings on excess contributions

Amount Codes **Form 1099-OID** — Original Issue Discount

For Reporting Payments on Form 1099-OID:

<i>Amount Code</i>	<i>Amount Type</i>
1	Original issue discount for 1997
2	Other periodic interest
3	Early withdrawal penalty
4	Federal income tax withheld (backup withholding)

Amount Codes **Form 1099-PATR** — Taxable Distributions Received From Cooperatives

For Reporting Payments on Form 1099-PATR:

<i>Amount Code</i>	<i>Amount Type</i>
1	Patronage dividends
2	Nonpatronage distributions
3	Per-unit retain allocations
4	Federal income tax withheld (backup withholding)
5	Redemption of nonqualified notices and retain allocations

### Pass-Through Credits

(See Note)

6	For filers' use
7	<i>Investment credit*</i>
8	<i>Work opportunity credit**</i>
9	Patron's Alternative Minimum Tax (AMT) adjustment

\*The title of Amount Code 7 has been changed from Energy investment credit to Investment credit.

\*\*The title of Amount Code 8 has been changed from Jobs credit to Work opportunity credit.

☞ **Note:** Amount Codes 6, 7, 8, and 9 are reserved for the patron's share of unused credits that the cooperative is passing through to the patron. Other credits, such as the Indian employment credit may be reported in Amount Code 6. The title of the credit reported in Amount Code 6 should be reported in the Special Data Entries Field in the Payee "B" Record. The amounts shown for Amount Codes 6, 7, 8, and 9 must be reported to the payee. These Amount Codes and the Special Data Entries Field are for the convenience of the filer. This information is not needed by IRS/MCC.

Amount Codes **Form 1099-R** — Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

For Reporting Payments on Form 1099-R:

Amount Code	Amount Type
1	Gross distribution (See Note 1)
2	Taxable amount (See Note 2)
3	Capital gain (included in Amount Code 2)
4	Federal income tax withheld (See Note 3)
5	Employee contributions or insurance premiums
6	Net unrealized appreciation in employer's securities
8	Other
9	Total employee contributions

☞ **Note 1:** If the payment shown for Amount Code 1 is a total distribution, enter a "1" (one) in position 47 of the "B" Record. An amount must be shown in Amount Field 1 unless reporting an amount ONLY for Amount Code 8.

☞ **Note 2:** If a distribution is a loss, do not enter a negative amount. For example, if stock is distributed but the value is less than the employee's after-tax contributions, enter the value of the stock in Amount Code 1, enter "0" (zero) in Amount Code 2, and enter the employee's contributions in Amount Code 5. If the taxable amount cannot be determined, enter a "1" (one) in position 48 of the "B" Record. If reporting an IRA, SEP, or SIMPLE distribution, generally include the amount of the distribution in the Taxable Amount (Payment Amount Field 2, positions 61–70) and enter a "1" (one) in the IRA/SEP/SIMPLE Indicator Field (position 44). A "1" (one) may be entered in the Taxable Amount Not Determined Indicator Field (position 48) of the Payee "B" Record, but the amount of the distribution must still be reported in Payment Amount Fields 1 and 2. See the explanation for Box 2a of Form 1099-R in the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G" for more information on reporting the taxable amount.

☞ **Note 3:** See the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G" for information concerning Federal income tax withheld for Form 1099-R.

☞ **Note :** For payers who wish to report state or local income tax, see Part B, Section 8 (7) Payee "B" Record — Record Layout Positions 322–420 Form 1099-R.

Amount Codes **Form 1099-S** — Proceeds From Real Estate Transactions

For Reporting Payments on Form 1099-S:

Amount Code	Amount Type
2	Gross proceeds (See Note)
5	Buyer's part of real estate tax

☞ **Note:** Include payments of timber royalties made under a "pay-as-cut" contract, reportable under section 6050N. If timber royalties are being reported, enter "TIMBER" in the description field of the "B" Record. For more information, see Announcement 90–129, 1990–48 I.R.B. 10.

Amount Codes **Form 5498** — IRA, SEP, or *SIMPLE*  
Retirement Plan Information (See **Note**)

For Reporting Payments on Form 5498:

<i>Amount Code</i>	<i>Amount Type</i>
1	Regular IRA contributions made in 1997 and 1998 for 1997.
2	IRA, SEP, or SIMPLE rollover contributions
3	Life insurance cost included in Amount Code 1
4	Fair market value of account
6	SEP contributions
7	SIMPLE contributions

☞ **Note:** For information regarding Inherited IRAs, refer to the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2G” and Rev. Proc. 89-52, 1989-2 C.B. 632. Beneficiary information must be given in the Payee Name Line Field of the “B” Record.

If reporting IRA contributions for a Desert Storm/Shield participant for other than 1997 or an Operations Joint Guard (OJG) (Bosnia Region) participant, enter “DS” for Desert Storm or “JG” for Joint Guard, the year for which the contribution was made, and the amount of the contribution in the Special Data Entries Field of the “B” Record. Do not enter the contributions in Amount Code 1.

For information concerning Desert Storm/Shield participant reporting, refer to the 1994 “Instructions for Forms 1099, 1098, 5498, and W-2G,” or Notice 91-17, 1991-1 C.B. 319. The instructions for filing Form 5498 for Desert Storm/Shield participants will also apply to participants of Operations Joint Guard (OJG) of the Bosnia Region.

Amount Codes **Form 5498-MSA** Medical Savings Account  
Information

For Reporting Contributions to Medical Savings Accounts

<i>Amount Code</i>	<i>Amount Type</i>
1	Employee MSA contributions made in 1997 and 1998 for 1997
2	Total MSA contributions made in 1997
3	Total MSA contributions made in 1998 for 1997
4	MSA rollover contributions (not included in Amount Code 1, 2, or 3) (See <b>Note 1</b> )
5	Fair market value of account (See <b>Note 2</b> )

☞ **Note 1:** This is the amount of any rollover made to this MSA in 1997 after a distribution from another MSA. For detailed information on reporting, see 1997 “Instructions for Filing Forms 1099, 1098, 5498 and W-2G.”

☞ **Note 2:** This is the fair market value (FMV) of the account at the end of 1997.

Amount Codes **Form W-2G** — Certain Gambling Winnings

For Reporting Payments on Form W-2G:

<i>Amount Code</i>	<i>Amount Type</i>
1	Gross winnings
2	Federal income tax withheld
3	State income tax withheld (See <b>Note</b> )
7	Winnings from identical wagers

☞ **Note:** State income tax withheld is added for the convenience of the payer but need not be reported to IRS/MCC.

32

Test Indicator

1

**Required.** Enter “T” if this is a test file, otherwise, enter a blank.

33	Service Bureau Indicator	1	Enter "1" (one) if a service bureau was used to develop and/or transmit files, otherwise, <b>enter blank</b> . See Part A, Sec. 17 for the definition of service bureau.
34-41	Blank	8	<b>Enter blanks.</b>
42-43	Magnetic Tape Filer Indicator	2	<b>Required</b> for magnetic tape/tape cartridge filers <b>only</b> . Enter the letters "LS" (in <b>uppercase only</b> ). Use of this field by filers using other types of media will be acceptable but is not required.
44-48	Transmitter Control Code (TCC)	5	<b>Required.</b> Enter the five character alpha/numeric Transmitter Control Code assigned by IRS/MCC. A TCC must be obtained to file data on this program. <b>Do not enter more than one TCC per file.</b>
49	Foreign Entity Indicator	1	Enter a "1" (one) if the payer is a foreign entity and income is paid by the corporation to a U.S. resident. If the payer is not a foreign entity, enter a blank (See <b>Note</b> ).

**Note:** If payers erroneously report entities as foreign, they may be subject to a penalty for providing incorrect information to IRS. Therefore, payers must be sure to code only those records as foreign entities that should be coded.

50-89	First Payer Name Line	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 7-15 of the "A" Record. Any extraneous information must be deleted. Left justify information, and fill unused positions with blanks. (Filers should not enter a transfer agent's name in this field. Any transfer agent's name should appear in the Second Payer Name Line Field.)
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**Note:** When reporting Form 1098, Mortgage Interest Statement, the "A" Record will reflect the name and TIN of the recipient of the interest/the filer of Form 1098 (the payer). The "B" Record will reflect the individual paying the interest (the payer of record) and the amount paid. For Form 1099-S, the "A" Record will reflect the person responsible for reporting the transaction (the filer of Form 1099-S) and the "B" Record will reflect the seller/transferor.

90-129	Second Payer Name Line	40	If the Transfer (or Paying) Agent Indicator (position 130) contains a "1" (one), this field must contain the name of the transfer (or paying) agent. If the indicator contains a "0" (zero), this field may contain either a continuation of the First Payer Name Line or blanks. Left justify information and fill unused positions with blanks.
130	Transfer Agent Indicator	1	<b>Required.</b> Identifies the entity in the Second Payer Name Line Field. (See Part A, Sec. 17 for a definition of transfer agent.)

<i>Code</i>	<i>Meaning</i>
1	The entity in the Second Payer Name Line Field is the transfer (or paying) agent.
0 (zero)	The entity shown is <b>not</b> the transfer (or paying) agent ( <i>i.e.</i> , the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).

131–170	Payer Shipping Address	40	<b>Required.</b> If the Transfer Agent Indicator in position 130 is a “1” (one), enter the shipping address of the transfer (or paying) agent. Otherwise, enter the <b>actual</b> shipping address of the payer. The street address should include number, street, apartment or suite number (or P. O. Box if mail is not delivered to street address). Left justify information, and fill unused positions with blanks.
<b>For U.S. addresses</b> , the payer city, state, and ZIP code must be reported as a 29, 2, and 9 position field, respectively. <b>Filers must adhere to the correct format for the payer city, state, and ZIP code.</b> <b>For foreign addresses</b> , filers may use the payer city, state, and ZIPcode as a continuous 40 position field. Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Entity Indicator in position 49 must contain a “1” (one).			
171–199	Payer City	29	<b>Required.</b> If the Transfer Agent Indicator in position 130 is a “1” (one), enter the city, town, or post office of the transfer agent. Otherwise, enter the city, town, or post office of the payer. Left justify information, and fill unused positions with blanks. Do not enter state and ZIP code information in this field.
200–201	Payer State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states.
202–210	Payer ZIP Code	9	<b>Required.</b> Enter the valid nine digit ZIP code assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Entity Indicator, located in Field Position 49 of the “A” Record.
211–290	Transmitter Name	80	<b>Required</b> if the payer and the transmitter are not the same. Enter the name of the transmitter in the manner in which it is used in normal business. The name of transmitter <b>must</b> be reported in the same manner throughout the entire file. Left justify information, and fill unused positions with blanks. If the payer and transmitter are the same, this field may be blank.
291–330	Transmitter Mailing Address	40	<b>Required</b> if the payer and transmitter are not the same. Enter the mailing address of the transmitter. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to street address). Left justify information, and fill unused positions with blanks. If the payer and transmitter are the same, this field may be blank.
331–359	Transmitter City	29	<b>Required</b> if the payer and transmitter are not the same. Enter the city, town, or post office of the transmitter. Left justify information and fill unused positions with blanks. If the payer and transmitter are the same, this field may be blank.
360–361	Transmitter State	2	<b>Required</b> if the payer and transmitter are not the same. Enter the valid U.S. Postal Service state abbreviation for states.
362–370	Transmitter ZIP Code	9	<b>Required</b> if the payer and transmitter are not the same.

Enter the valid nine digit ZIP Code assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill the unused positions with blanks.

371–385	<i>Payer's Phone Number and Extension</i>	15	<i>Enter the payer's phone number and extension.</i>
386–418	Blank	33	<b>Enter blanks.</b>
419–420	Blank	2	<b>Enter blanks</b> or carriage return/line feed (cr/lf).

## Sec. 7. Payer/Transmitter "A" Record - Record Layout

Record Type	Payment Year	Reel Sequence Number	Payer's TIN	Payer Name Control	Last Filing Indicator
1	2–3	4–6	7–15	16–19	20

Combined Federal/State Filer	Type of Return	Amount Codes	Test Indicator	Service Bureau Indicator
21	22	23–31	32	33

Blank	Magnetic Tape Filer Indicator	Transmitter Control Code	Foreign Entity Indicator	First Payer Name Line	Second Payer Name Line
34–41	42–43	44–48	49	50–89	90–129

Transfer Agent Indicator	Payer Shipping Address	Payer City	Payer State	Payer ZIPCode	Transmitter Name
130	131–170	171–199	200–201	202–210	211–290

Transmitter City	Transmitter State	Transmitter ZIPCode	<i>Payer Phone Number &amp; Extension</i>	Blank	Blank or CR/LF
331–359	360–361	362–370	371–385	386–418	419–420

## Sec. 8. Payee "B" Record — General Field Descriptions and Record Layouts

**.01** The "B" Record contains the payment information from the information returns. When filing information returns, the format for the "B" Records will remain constant and is a fixed length of 420 positions. The record layout for positions 1 through 321 is the same for all "B" Records. Positions 322 through 420 vary for Forms 1099–A, 1099–B, 1099–C, *1099–LTC*, 1099–OID, 1099–S, and W–2G to accommodate variations within these forms. In the "A" Record, the amount codes that appear in positions 23 through 31 will be left-justified and filled with blanks. In the "B" Record, the filer **must** allow for all nine Payment Amount Fields. For those fields not used, enter "0s" (zeros). For example, a payer reporting on Form 1099–MISC, should enter "A" in field position 22 of the "A" Record, Type of Return. If reporting payments for Amount Codes 1, 2, 4, and 7, the payer would report field positions 23 through 31 of the "A" Record as "1247bbbb." (In this example, "b" denotes blanks. Do not enter the letter "b") In the "B" Record:

**Positions 51 through 60** for Payment Amount 1 will represent rents.

**Positions 61–70** for Payment Amount 2 will represent royalties.

**Positions 71–80** for Payment Amount 3 will be "0s" (zeros).

**Positions 81–90** for Payment Amount 4 will represent Federal income tax withheld.

**Positions 91–110** for Payment Amounts 5 and 6 will be “0s” (zeros).

**Positions 111–120** for Payment Amount 7 will represent nonemployee compensation.

**Positions 121–140** for Payment Amounts 8 and 9 will be “0s” (zeros).

**.02** The following specifications include a field in the payee records called “Name Control” in which the first four characters of the payee’s surname are to be entered by the filer.

**.03** If filers are unable to determine the first four characters of the surname, the Name Control Field may be left blank. Compliance with the following will facilitate IRS computer programs in generating the name control:

(a) The surname of the payee whose TIN is shown in the “B” Record should always appear first. If, however, the records have been developed using the first name first, the filer must leave a blank space between the first and last names.

(b) In the case of multiple payees, only the surname of the payee whose TIN (SSN, EIN or ITIN) is shown in the “B” Record must be present in the First Payee Name Line. Surnames of any other payees may be entered in the Second Payee Name Line.

**.04** See Part A, Sec. 14 for further information concerning Taxpayer Identification Numbers (TINs).

**.05** A field is also provided in these specifications for Special Data Entries. This field may be used to record information required by state or local governments, or for the personal use of the filer. IRS does not use the data provided in the Special Data Entries Field; therefore, the IRS program does not check the content or format of the data entered in this field. It is the filer’s option to use the Special Data Entry Field. If this field is coded, it will not affect the processing of the “B” Records.

**.06** Those payers participating in the Combined Federal/State Filing Program must adhere to all of the specifications in Part A, Sec. 16, to participate in this program. Filers **may not file** Forms 1098, 1099–A, 1099–B, 1099–C, 1099–LTC, 1099–MSA, 1099–S, 5498–MSA, and W–2G under the Combined Federal/State Filing Program.

**.07** All alpha characters in the “B” Record must be uppercase.

**.08 Do not use decimal points (.)** to indicate dollars and cents. Ten dollars must appear as 0000001000 in the payment amount field.

**.09** IRS strongly encourages transmitters to review the data for accuracy before submission to prevent issuance of erroneous notices. Transmitters should be especially careful that the names, TINs, account numbers, types of income, and income amounts are correct.

**.10** When reporting Form 1098, Mortgage Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest, the filer of the Form 1098 (the payer). The “B” Record will reflect the individual paying the interest (borrower/payer of record) and the amount paid. For Form 1099–S, the “A” Record will reflect the person responsible for reporting the transaction (the filer of the Form 1099–S) and the “B” Record will reflect the seller/transferor.

**Note:** For all fields marked **Required**, the transmitter must provide the information described under **Description and Remarks**. For those fields not marked **Required**, the transmitter must allow for the field, but may be instructed to enter blanks or zeros in the indicated position(s) and for the indicated length. All records are now a fixed length of 420 positions.

**Record Name: Payee “B” Record**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “B.”
2–3	Payment Year	2	<b>Required.</b> Enter “97” (unless reporting prior year data).
4–5	Document Specific/ Distribution Code	2	<b>Required</b> for Forms 1099–G, 1099–MISC ( <i>for Crop Insurance Proceeds only</i> ), 1099–MSA, 1099–R and W–2G. For all other forms, or if not used, <b>enter blanks</b> .
	Tax Year of Refund for <b>(Form 1099–G only)</b>		<b>For Form 1099–G</b> , use only for reporting the tax year which the refund*, credit, or offset (Amount Code 2) was issued. Enter in position 4; position 5 must be blank. If the refund, credit, or offset is not attributable to income from a trade or business, enter the <b>numeric</b> year from the table below for which the refund, credit, or offset was issued ( <i>e.g.</i> , for 1996, enter 6). If the refund, credit or offset is exclusively attributable to income from a trade or business and is not of general application, enter the <b>alpha</b> equivalent of the year from the table below ( <i>e.g.</i> , for 1996, enter F).

**Code For Tax Year Which Refund Was Issued**

<i>Tax Year For Which Refund Was Issued</i>	<i>Code For General Refund*</i>	<i>Code For Trade/Business Refund (Alpha Equivalent)*</i>
1987	7	G
1988	8	H
1989	9	I
1990	0	J
1991	1	A
1992	2	B
1993	3	C
1994	4	D
1995	5	E
1996	6	F

**\*Be sure the distribution code reflects the tax year for which the REFUND was made, not the tax year of the Form 1099-G.**

Crop Insurance Proceeds  
(Form 1099-MISC only)

**For Form 1099-MISC**, enter “1” (one) in position 4 if the payments reported for Amount Code 7 are crop insurance proceeds. Position 5 will be blank. *Crop insurance proceeds are the only type of payment for Form 1099-MISC requiring a Document Specific/Distribution Code.*

4-5

*Distribution Code contd. 2  
(Form 1099-MSA only)  
(For a detailed explanation of the distribution codes, see the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2 G.”)*

**For Form 1099-MSA**, enter the applicable code in position 4. Position 5 will be blank.

<b>Category</b>	<b>Code</b>
<i>Normal distribution</i>	1
<i>Excess contributions</i>	2
<i>Disability</i>	3
<i>Death</i>	4
<i>Prohibited transaction</i>	5

**(Form 1099-R only)**

(For a detailed explanation of the distribution codes, see the 1997 “Instructions for Forms 1099, 1098, 5498 and W-2G.”)

**For Form 1099-R**, enter the appropriate distribution code(s). More than one code may apply for Form 1099-R. If only one code is required, it must be entered in position 4 and position 5 must be blank. Enter at least one (1) distribution code. A blank in position 4 is not acceptable. Enter the applicable code from the table that follows. *Position 4 must contain a numeric code in all cases except when using P, D, E, F, G, H, L, or S. (L and S have been added for TY97.)* Distribution Code A, B, or C, when applicable, must be entered in position 5 with the applicable numeric code in position 4. When using Code P for an IRA distribution under section 408(d)(4) of the Internal Revenue Code, the filer may also enter Code 1 if applicable. Only three numeric combinations are acceptable, codes 8 and 1, codes 8 and 2 and codes 8 and 4, on one return. These three combinations can be used only if both codes apply to the distribution being reported. If more than one numeric code is applicable to different parts of a distribution, report two separate “B” Records. Distribution Codes E, F, and H cannot be used in conjunction with other codes. Distribution Code G may be used in conjunction with Distribution Code 4 only, if applicable.

<b>Category</b>	<b>Code</b>
Early distribution, no known exception	<b>1*</b>
Early distribution, exception applies (as defined in section 72(q), (t), or (v) of the Internal Revenue Code (other than disability or death)	<b>2*</b>
Disability	<b>3*</b>
Death (includes payments to an estate or other beneficiary)	<b>4*</b>
Prohibited transaction	<b>5*</b>
Section 1035 exchange	<b>6</b>
Normal distribution	<b>7*</b>
Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 1997	<b>8*</b>
PS 58 costs	<b>9</b>
Excess contributions plus earnings/excess deferrals taxable in 1996	<b>P*</b>
May be eligible for 5- or 10-year tax option	<b>A</b>
May be eligible for death benefit exclusion (See <b>Note 1</b> )	<b>B</b>
May be eligible for both A and B (See <b>Note 1</b> )	<b>C</b>
Excess contributions plus earnings/excess deferrals taxable in 1995	<b>D*</b>
Excess annual additions under section 415	<b>E</b>
Charitable gift annuity	<b>F</b>
Direct rollover to IRA	<b>G</b>
Direct rollover to qualified plan or tax-sheltered annuity	<b>H</b>
<i>Loans treated as deemed distributions under section 72(p)</i>	<b>L</b>
<i>Early distribution from a SIMPLE (IRA in first 2 years, no known exception)</i>	<b>S*</b>

\*If reporting an IRA, SEP, or *SIMPLE* distribution, code a "1" (one) in position 44 of the "B" Record.

 **Note 1: Do not use code B or C for payments with respect to employees who died after August 20, 1996.**

**Type of Wager (Form W-2G Only)**

For Form W-2G, enter the applicable code in position 4. Position 5 will be blank.

<b>Category</b>	<b>Code</b>
Horse race track (or off-track betting of a horse track nature)	1
Dog race track (or off-track betting of a dog track nature)	2
Jai-alai	3
State-conducted lottery	4
Keno	5
Bingo	6
Slot machines	7
Any other type of gambling winnings	8

6

2nd TIN Notice

1

For Forms 1099-B, 1099-DIV, 1099-INT, 1099-MISC, 1099-OID, and 1099-PATR only. Enter "2" to indicate notification by IRS/MCC twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.

Code	Definition
G	If this is a one- transaction correction or the first of a two-transaction correction
C	If this is the second transaction of a two transaction correction
Blank	If this is not a return being submitted to correct information already processed by IRS.

**Note:** C, G, and non-coded records must be reported using separate Payer “A” Records. Refer to Part A, Sec. 13, for specific instructions on how to file corrected returns.

8–11	Name Control	4	
			If determinable, enter the first four (4) characters of the surname of the person whose TIN is being reported in positions 15–23 of the “B” Record; otherwise, enter blanks. This usually is the payee. If the name that corresponds to the TIN is not included in the first or second payee name line and the correct name control is not provided, a backup withholding notice may be generated for the record. Surnames of less than four (4) characters should be left-justified, filling the unused positions with blanks. Special characters and imbedded blanks should be removed. In the case of a business, other than a sole proprietorship, use the first four significant characters of the business name. Disregard the word “the” when it is the first word of the name, unless there are only two words in the name. Adash (-) and an ampersand (&) are the only acceptable special characters. Surname prefixes are considered part of the surname, e.g., for Van Elm, the name control would be VANE.

**Note:** Although extraneous words, titles, and special characters are allowed (i.e., Mr., Mrs., Dr., apostrophe [‘], or dash [-]), this information may be dropped during subsequent IRS/MCC processing.

The following examples may be helpful to filers in developing the Name Control:

Name	Name Control
Individuals:	
Jane <i>Brown</i>	BROW
John A. <i>Lee</i>	LEE*
James P. <i>En</i> , Sr.	EN*
John <i>O’Neill</i>	ONEI
Mary <i>Van Buren</i>	VANB
Juan <i>De Jesus</i>	DEJE
Gloria A. <i>El-Roy</i>	EL-R
Mr. John <i>Smith</i>	SMIT
Joe <i>McCarthy</i>	MCCA
Pedro <i>Torres-Lopes</i>	TORR
Maria <i>Lopez</i> Moreno**	LOPE
Binh To <i>La</i>	LA*
Nhat Thi <i>Pham</i>	PHAM
Mark <i>D’Allesandro</i>	DALL
Corporations:	
The <i>First</i> National Bank	FIRS
<i>The</i> Hideaway	THEH

Sole Proprietor:	<i>A &amp; B</i> Cafe	A&BC
	<i>11TH</i> Street Inc.	11TH
Partnership:	Mark <i>Hemlock</i> DBA The Sunshine Club	HEML
	Robert <i>Aspen</i> and Bess Willow Harold <i>Fir</i> , Bruce Elm, and Joyce Spruce et al Ptr	ASPE FIR*
Estate:	Frank <i>White</i> Estate Sheila <i>Blue</i> Estate	WHIT BLUE
Trusts and Fiduciaries:	<i>Daisy</i> Corporation Employee Benefit Trust	DAIS
	Trust FBO The <i>Cherryblossom</i> Society	CHER
Exempt Organization:	<i>Laborer's</i> Union, AFL-CIO <i>St. Bernard's</i> Methodist Church Bldg. Fund	LABO STBE

\*Name Controls of less than four (4) significant characters must be left-justified and blank-filled.

\*\*For Hispanic names, when two last names are shown for an individual, derive the name control from the first last name.

12	Direct Sales Indicator	1	<b>1099 MISC only.</b> Enter a "1" (one) to indicate sales of \$5,000 or more of consumer products to a person on a buy/sell, deposit/ commission, or any other commission basis for resale anywhere other than in a permanent retail establishment. Otherwise, enter a blank.
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**Note:** If reporting direct sales only, use Type of Return "A" in Field Position 22, and Amount Code 1 in Field Position 23 of the Payer "A" Record. All payment amount fields in the Payee "B" Record will contain zeros.

13	Blank	1	<b>Enter blank.</b>
14	Type of TIN	1	This field is used to identify the Taxpayer Identification Number (TIN) in positions 15–23 as either an Employer Identification Number (EIN), or a Social Security Number (SSN) or an <i>Individual Taxpayer Identification Number (ITIN)</i> . Enter the appropriate code from the following table:

Type of TIN		Type of Account
1	EIN	A business, organization, sole proprietor, or other entity
2	SSN	An individual, including a sole proprietor or
2	<i>ITIN</i>	<i>An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN</i>
Blank	N/A	If the type of TIN is not determinable, enter a blank.

15-23	Taxpayer Identification Number	9	<b>Required.</b> Enter the nine digit Taxpayer Identification Number of the payee (SSN, <i>ITIN</i> , or EIN). If an identification number has been applied for but not received, enter blanks. Do not enter hyphens or alpha characters. A 11 zeros, ones, twos, etc. will have the effect of an incorrect TIN. If the TIN is not available, enter blanks (See <b>Note</b> ).
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☞ **Note:** IRS/MCC contacts payers who have submitted payee data with missing TINs in an attempt to prevent erroneous notices. Payers who submit data with missing TINs, and have taken the required steps to obtain this information are encouraged to attach a letter of explanation to the required Form 4804. This will prevent unnecessary contact from IRS/MCC. This letter, however, will not prevent backup withholding notices (CP2100 or CP2100A Notices) or penalties for filing incorrect information returns.

24-43	Payer's Account Number For Payee	20	Enter any number assigned by the payer to the payee (e.g., checking or savings account number). Filers are encouraged to use this field. This number helps to distinguish individual payee records and should be unique for each document. Do not use the payee's TIN since this will not make each record unique. This information is particularly useful when corrections are filed. This number will be provided with the backup withholding notification and may be helpful in identifying the branch or subsidiary reporting the transaction. Do not define data in this field in packed decimal format. If fewer than twenty characters are used, filers may either left or right justify, filling the remaining positions with blanks.
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44	Form 1099-R IRA/SEP/ <i>SIMPLE</i> Indicator	1	<b>Form 1099-R only.</b> Enter "1" (one) if reporting a distribution from an IRA, SEP, or <i>SIMPLE</i> ; otherwise, enter a blank (See <b>Note</b> ).
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☞ **Note:** For Form 1099-R, generally, report the total amount distributed from an IRA, SEP, or *SIMPLE* in Payment Amount Field 2 (Taxable Amount), as well as Payment Amount Field 1 (Gross Distribution) of the "B" Record. Filers may indicate the taxable amount was not determined by using the Taxable Amount Not Determined Indicator (position 48) of the "B" Record. However, still report the amount distributed in Payment Amount Fields 1 and 2. Refer to the 1997 "Instructions for Forms 1099, 1098, 5498, and W-2G" for exceptions.

45-46	Percentage of Total Distribution	2	<b>Form 1099-R only.</b> Use this field when reporting a total distribution to more than one person, such as when a participant is deceased and a payer distributes to two or more beneficiaries. Therefore, if the percentage is 100, leave this field blank. If the percentage is a fraction, round off to the nearest whole number (e.g., 10.4 percent will be 10 percent; 10.5 percent will be 11 percent). Enter the percentage received by the person whose TIN is included in positions 15-23 of the "B" Record. This field must be right-justified, and unused positions must be zero-filled. If not applicable, enter blanks. Filers need not enter this information for IRA, SEP, or <i>SIMPLE</i> distributions or for direct rollovers.
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47	Total Distribution Indicator (See <b>Note</b> )	1	<b>Form 1099-R only.</b> Enter a "1" (one) only if the payment shown for Amount Code 1 is a total distribution that closed out the account; otherwise, enter a blank.
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☞ **Note:** A total distribution is one or more distributions within one tax year in which the entire balance of the account is distributed. Any distribution that does not meet this definition is not a total distribution.

48	Taxable Amount Not Determined Indicator	1	<b>Form 1099-R only.</b> Enter a “1” (one) only if the taxable amount of the payment entered for Payment Amount Field 1 (Gross Distribution) of the “B” Record cannot be computed; otherwise, <b>enter blank</b> . If Taxable Amount Not Determined Indicator is used, enter “0’s” (zeros) in Payment Amount Field 2 of the Payee “B” Record unless the IRA/SEP/SIMPLE Indicator is present (See <b>Note</b> ). Please make every effort to compute the taxable amount.
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☞ **Note:** If reporting an IRA, SEP, or SIMPLE distribution for Form 1099-R, the Taxable Amount Not Determined Indicator may be used; but, it is not required. If the IRA/SEP/SIMPLE Indicator is present, generally, the amount of the distribution must be reported in both Payment Amount Fields 1 and 2. Refer to the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2G” for more information.

49-50	Blank	2	<b>Enter blanks.</b>
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Payment Amount Fields (Must be numeric) (See **Note 1**)

**Required. Filers should allow for all payment amounts. For those not used, enter zeros.** For example: If position 22, Type of Return, of the “A” Record is “A” (for 1099-MISC) and positions 23-31, Amount Codes, are “1247bbbb”. This indicates the payer is reporting any or all four payment amounts (1247) in all of the following “B” Records. (In this example, “b” denotes blanks in the designated positions. Do not enter the letter ‘b.’) Payment Amount 1 will represent rents; Payment Amount 2 will represent royalties; Payment Amount 3 will be all “0’s” (zeros); Payment Amount 4 will represent Federal income tax withheld; Payment Amounts 5 and 6 will be all “0’s” (zeros); Payment amount 7 will represent nonemployee compensation, and Payment Amounts 8 and 9 will be all “0’s” (zeros). Each payment field must contain 10 numeric characters (See **Note 2**). Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields. Do not enter dollar signs, commas, decimal points, or negative payments, except those items that reflect a loss on Form 1099-B. Positive and negative amounts are indicated by placing a “+” (plus) or “-” (minus sign) in the left-most position of the payment amount field. A negative over punch in the units position may be used, instead of a minus sign, to indicate a negative amount. If a plus sign, minus sign, or negative over punch is not used, the number is assumed to be positive. Negative over punch cannot be used in PC created files. Payment amounts must be right-justified and unused positions must be zero-filled. **Federal income tax withheld cannot be reported as a negative amount on any form.**

☞ **Note 1:** Filers must enter numeric information in all payment fields when filing magnetically or electronically. However, when reporting information on the statement to recipient, the payer may be instructed to leave a box blank. Follow the guidelines provided in the paper instructions for the statement to recipient.

- ☞ **Note 2:** If a payer is reporting a money amount in excess of 999999999\* (dollars and cents), it must be reported as follows:
- (1) The first Payee “B” Record must contain 999999999\*.
  - (2) The second Payee “B” Record will contain the remaining money amount.

**\*DO NOT SPLIT THIS FIGURE IN HALF.**

51–60	Payment Amount 1*	10	The amount reported in this field represents payments for Amount Code 1 in the “A” Record.
61–70	Payment Amount 2*	10	The amount reported in this field represents payments for Amount Code 2 in the “A” Record.
71–80	Payment Amount 3*	10	The amount reported in this field represents payments for Amount Code 3 in the “A” Record.
81–90	Payment Amount 4*	10	The amount reported in this field represents payments for Amount Code 4 in the “A” Record.
91–100	Payment Amount 5*	10	The amount reported in this field represents payments for Amount Code 5 in the “A” Record.
101–110	Payment Amount 6*	10	The amount reported in this field represents payments for Amount Code 6 in the “A” Record.
111–120	Payment Amount 7*	10	The amount reported in this field represents payments for Amount Code 7 in the “A” Record.
121–130	Payment Amount 8*	10	The amount reported in this field represents payments for Amount Code 8 in the “A” Record.
131–140	Payment Amount 9*	10	The amount reported in this field represents payments for Amount Code 9 in the “A” Record.

**\*If there are discrepancies between the payment amount fields and the boxes on the paper forms, the instructions in this revenue procedure govern.**

141	<i>Form 5498 IRA Indicator (Individual Retirement Arrangement)</i>	1	<b>Required. Form 5498 only.</b> Enter ‘1’ if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for an IRA and not reporting a contribution in Amount Code 1. Otherwise, <b>enter a blank.</b>
142	<i>Form 5498 SEP Indicator (Simplified Employee Pension)</i>	1	<b>Required. Form 5498 only.</b> Enter ‘1’ if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for a SEP and not reporting a contribution in Amount Code 1. Otherwise, <b>enter a blank.</b>
143	<i>Form 5498 SIMPLE Indicator (Savings Incentive Match Plan for Employees of Small employers)</i>	1	<b>Required. Form 5498 only.</b> Enter ‘1’ if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for a SIMPLE and not reporting a contribution in Amount Code 1. Otherwise, <b>enter a blank.</b>
144–160	Blank	17	<b>Enter blanks.</b>
161	Foreign Country Indicator	1	If the address of the payee is in a foreign country, enter a “1” (one) in this field; otherwise, enter blanks. When filers use this indicator, they may use a free format for the payee city, state, and ZIP Code. Address information must not appear in the First or Second Payee Name Line.
162-201	First Payee Name Line	40	<b>Required.</b> Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number (TIN) was provided in positions 15–23 of the “B” Record. Left justify and fill unused positions with blanks. If more space is required for the name, utilize the Second Payee

Name Line Field. If there are multiple payees, only the name of the payee whose TIN has been provided should be entered in this field. The names of the other payees may be entered in the Second Payee Name Line Field. If reporting information for a sole proprietor, the individual's name must always be present on the First Payee Name Line. The use of the business name is optional in the Second Payee Name Line Field.

☞ **Note 1: When reporting Form 1098, Mortgage Interest Statement, the “A” Record will reflect the name of the recipient of the interest (the payer). The “B” Record will reflect the individual paying the interest (the borrower/payer of record) and the amount paid. For Form 1099-S, the “B” Record will reflect the seller/transferor information.**

☞ **Note 2: For Form 5498 Inherited IRAs, enter the beneficiary’s name followed by the word “beneficiary.” For example, “Brian Young as beneficiary of Joan Smith” or something similar that signifies that the IRA was once owned by Joan Smith. Filers may abbreviate the word “beneficiary” as, for example, “benef.” Refer to the 1997 “Instructions for Forms 1099, 1098, 5498, and W-2G.” The beneficiary’s TIN must be reported in positions 15–23 of the “B” Record.**

☞ **Note 3: End First Payee Name Line with a full word. DO NOT SPLIT WORDS.**

☞ **Note 4: When reporting Form 1099-LTC, Long-Term Care and Accelerated Death Benefits, the “B” record will reflect the individual receiving the payment (the policyholder) and the amount paid. The “B” record will also reflect the individual on account of whose illness the payment was made (the insured).**

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202–241	Second Payee Name Line	40	If there are multiple payees, (e.g., partners, joint owners, or spouses), use this field for those names not associated with the TIN provided in position 15-23 of the “B” Record or if not enough space was provided in the First Payee Name Line, continue the name in this field (See <b>Note</b> ). <b>Do not enter address information.</b> It is important that filers provide as much payee information to IRS/MCC as possible to identify the payee assigned the TIN. Left justify and fill unused positions with blanks. <b>Fill with blanks if no entries are present for this field.</b>
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☞ **Note: End First Payee Name Line with a full word. DO NOT SPLIT WORDS. Begin Second Payee Name Line with the next sequential word.**

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242–281	Payee Mailing Address	40	<b>Required.</b> Enter mailing address of payee. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to street address). Left justify information and fill unused positions with blanks. This field <b>must not</b> contain any data other than the payee’s mailing address.
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**For U.S. addresses,** the payee city, state, and ZIP code must be reported as a 29, 2, and 9 position field, respectively. **Filers must adhere to the correct format for the payee city, state, and ZIP code.**

**For foreign addresses,** filers may use the payee city, state, and ZIP code **as a continuous 40 position field.** Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Country Indicator in position 161 must contain a “1” (one).

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282–310	Payee City	29	<b>Required.</b> Enter the city, town or post office. Left justify information and fill the unused positions with blanks. Enter APO or FPO if applicable. Do not enter state and ZIP code information in this field.
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311–312	Payee State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE, or AP) described in Part A, Sec. 18.
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313-321

Payee ZIPCode

9

**Required.** Enter the valid nine digit ZIP Code assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a "1" (one) in the Foreign Country Indicator Field, located in position 161 of the "B" Record.

**Standard Payee "B" Record Format For All Types of Returns up to Position 321**

Record Type	Payment Year	Document Specific/ Distribution Code	2nd TIN Notice (Optional)	Corrected Return Indicator	
1	2-3	4-5	6	7	
Name Control	Direct Sales Indicator	Blank	Type of TIN	Taxpayer Identification Number	Payer's Account Number For Payee
8-11	12	13	14	15-23	24-43
<i>Form 1099-R</i> IRA/SEP/SIMPLE Indicator	Percentage of Total Distribution	Total Distribution Indicator	Taxable Amt Not Determined Indicator	Blank	
44	45-46	47	48	49-50	
Payment Amount 1	Payment Amount 2	Payment Amount 3	Payment Amount 4	Payment Amount 5	
51-60	61-70	71-80	81-90	91-100	
Payment Amount 6	Payment Amount 7	Payment Amount 8	Payment Amount 9	<i>Form 5498</i> <i>IRA Indicator</i>	
101-110	111-120	121-130	131-140	141	
<i>Form 5498</i> <i>SEP Indicator</i>	<i>Form 5498</i> <i>SIMPLE Indicator</i>	Blank	Foreign Country Indicator	First Payee Name Line	
142	143	144-160	161	162-201	
Second Payee Name Line	Payee Mailing Address	Payee City	Payee State	Payee ZIP Code	
202-241	242-281	282-310	311-312	313-321	

**Record Name: Payee “B” Record — Continued**

Field Position	Field Title	Length	Description and Remarks
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The following sections define the field positions for the different types of returns in the Payee “B” Record (positions 322–420):

- (1) Forms 1098, 1099–DIV, 1099–G, 1099–INT, 1099–MISC, 1099–MSA, 1099–PATR, 5498, and 5498–MSA
- (2) Form 1099–A
- (3) Form 1099–B
- (4) Form 1099–C
- (5) Form 1099–LTC
- (6) Form 1099–OID
- (7) Form 1099–R
- (8) Form 1099–S
- (9) Form W–2G

**(1) Payee “B” Record — Record Layout Positions 322–420 Forms 1098, 1099–DIV, 1099–G, 1099–INT, 1099–MISC, 1099–MSA, 1099–PATR, 5498, and 5498–MSA**

322–349	Blank	28	<b>Enter blanks.</b>
350–416	Special Data Entries	67	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
417–418	Combined Federal/State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program or for forms not valid for state reporting, <b>enter blanks.</b>
419–420	Blank	2	<b>Enterblanks</b> , or carriage return/line feed (cr/lf) characters.

**Payee “B” Record — Record Layout Positions 322–420**

Forms 1098, 1099–DIV, 1099–G, 1099–INT, 1099–MISC, 1099–MSA, 1099–PATR, 5498, and 5498–MSA

Blank	Special Data Entries	Combined Federal/State Code	Blank or CR/LF
322–349	350–416	417–418	419–420

**(2) Payee “B” Record — Record Layout Positions 322–420 Form 1099–A**

322–349	Blank	28	<b>Enter blanks.</b>
350–370	Special Data Entries	21	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for the filing requirements. If this field is not utilized, <b>enter blanks.</b>
371–376	Date of Lender’s Acquisition or Knowledge of Abandonment	6	<b>Form 1099–A only.</b> Enter the acquisition date of the secured property or the date the lender first knew or had reason to know the property was abandoned, in the format MMDDYY ( <i>i.e.</i> , 052297). <b>Do not enter hyphens or slashes.</b>

377	Personal Liability Indicator	1	<b>Form 1099-A only.</b> Enter the appropriate indicator from the table below:  <b>Indicator</b> 1  Blank  <b>Usage</b> Borrower was personally liable for repayment of the debt.  Borrower was not personally liable for repayment of the debt.
378–416	Description of Property	39	<b>Form 1099-A only.</b> Enter a brief description of the property. For real property, enter the address, or, if the address does not sufficiently identify the property, enter the section, lot and block. For personal property, enter the type, make and model ( <i>e.g.</i> , Car-1996 Buick Regal or office equipment). Enter “CCC” for crops forfeited on Commodity Credit Corporation loans. If fewer than 39 positions are required, left justify information and fill unused positions with blanks.
417–418	Blank	2	<b>Enter blanks.</b>
419–420	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (cr/lf) characters.

**Payee “B” Record — Record Layout Positions 322–420  
Form 1099-A**

Blank	Special Data Entries	Date of Lender’s Acquisition or Abandonment	Personal Liability Indicator	Description of Property	Blank	Blank or CR/LF
322–349	350–370	371–376	377	378–416	417–418	419–420

**(3) Payee “B” Record — Record Layout Positions 322–420 Form 1099-B**

Field Position	Field Title	Length	Description and Remarks
322–349	Blank	28	<b>Enter blanks.</b>
350–359	Special Data Entries	10	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
360	Gross Proceeds Indicator	1	<b>Form 1099-B only.</b> Enter the appropriate indicator from the following table, otherwise, <b>enter blanks.</b>  <b>Indicator</b> 1 2  <b>Usage</b> Gross proceeds Gross proceeds less commissions and option premiums
361–366	Date of Sale	6	<b>Form 1099-B only.</b> For broker transactions, enter the trade date of the transaction. For barter exchanges, enter the date when cash, property, a credit, or scrip is actually or constructively received. Enter the date in the format

MMDDYY (e.g., 052197). Enter blanks if this is an aggregate transaction. **Do not enter hyphens or slashes.**

367–379	CUSIP Number	13	<b>Form 1099–B only.</b> For broker transactions only, enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported for Amount Code 2 (stocks, bonds, etc.). Enter blanks if this is an aggregate transaction. Enter “0” (zeros) if the number is not available. Right justify information and fill unused positions with blanks.
380–418	Description	39	<b>Form 1099–B only.</b> If fewer than 39 characters are required, left justify information and fill unused positions with blanks. For broker transactions, enter a brief description of the disposition item (e.g., 100 shares of XYZ Corp.). For regulated futures and forward contracts, enter “RFC” or other appropriate description and any amount subject to backup withholding (see <b>Note</b> ). For bartering transactions, show the services or property provided.

**Note:** The amount withheld in these situations is to be included in Amount Code 4.

419–420	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (cr/lf) characters.
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**Payee “B” Record — Record Layout Positions 322–420  
Form 1099–B**

Blank	Special Data Entries	Gross Proceeds Indicator	Date of Sale	CUSIP Number	Description
322–349	350–359	360	361–366	367–379	380–418

Blank or CR/LF
419–420

**(4) Payee “B” Record — Record Layout Positions 322–420 Form 1099–C**

Field Position	Field Title	Length	Description and Remarks
322–349	Blank	28	<b>Enter blanks.</b>
350–370	Special Data Entries	21	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
371–376	Date Canceled	6	<b>Form 1099–C only.</b> Enter the date the debt was canceled in the format of MMDDYY (i.e., 052297). <b>Do not enter hyphens or slashes.</b>
377	Bankruptcy Indicator	1	<b>Form 1099–C only.</b> Enter “1” (one) to indicate the debt was discharged in bankruptcy, if known.

Indicator	Usage
1	Debt <b>was</b> discharged in bankruptcy.
Blank	Debt <b>was not</b> discharged in bankruptcy.

378-416	Debt Description	39	<b>Form 1099-C only.</b> Enter a description of the origin of the debt, such as student loan, mortgage, or credit card expenditure. If a combined Form 1099-C and 1099-A is being filed, also enter a description of the property.
417-418	Blank	2	<b>Enter blanks.</b>
419-420	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (cr/lf).

**Payee "B" Record — Record Layout Positions 322-420  
Form 1099-C**

Blank	Special Data	Date Canceled	Bankruptcy Indicator	Debt Description
322-349	350-370	371-376	377	378-416

  

Blank	Blank or CR/LF
417-418	419-420

**(5) Payee "B" Record—Record Layout Positions 322-420 Form 1099-LTC**

Field Position	Field Title	Length	Description and Remarks						
322	Type of Payment Indicator	1	<b>Form 1099-LTC only.</b> Enter the appropriate indicator from the following table, otherwise, <b>enter blanks:</b>  <table border="1"> <thead> <tr> <th>Indicator</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Per diem</td> </tr> <tr> <td>2</td> <td>Reimbursed amount</td> </tr> </tbody> </table>	Indicator	Usage	1	Per diem	2	Reimbursed amount
Indicator	Usage								
1	Per diem								
2	Reimbursed amount								
323-331	Social Security Number of the Insured	9	<b>Required for Form 1099-LTC only.</b> Enter the Social Security Number of the individual for whom the benefits are being paid.						
332-371	Name of the Insured	40	<b>Required for Form 1099-LTC only.</b> Enter the name of the individual.						
372-411	Address of the Insured	40	<b>Form 1099-LTC.</b> Enter the address of the insured. Abbreviate or truncate the information if necessary.						
412	Status of Illness Indicator (Optional)	1	<b>Form 1099-LTC only.</b> Enter the appropriate code from the table below to indicate the status of the illness of the insured, otherwise, <b>enter blank:</b>  <table border="1"> <thead> <tr> <th>Indicator</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Chronically ill</td> </tr> <tr> <td>2</td> <td>Terminally ill</td> </tr> </tbody> </table>	Indicator	Usage	1	Chronically ill	2	Terminally ill
Indicator	Usage								
1	Chronically ill								
2	Terminally ill								

413–418	Date Certified (Optional)	6	<b>Form 1099–LTC only.</b> Enter the date of a doctor’s certification of the status of the insured’s illness. The format of the date is MMDDYY (e.g., 022097).
419–420	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (cr/lf) characters.

**Payee “B” Record—Record Layout Positions 322–420 Form 1099–LTC**

Type of Payment Indicator	SSN of Insured	Name of Insured	Address of Insured	Status of Illness Indicator	Date Certified
322	323–331	332–371	372–411	412	413–418

Blank  
or CR/LF  
419–420

**(6) Payee “B” Record — Record Layout Positions 322–420 Form 1099–OID**

Field Position	Title	Length	Description and Remarks
322–349	Blank	28	<b>Enter blanks.</b>
350–377	Special Data Entries	28	This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
378–416	Description	39	<b>Required Form 1099–OID only.</b> Enter the CUSIP number, if any. If there is no CUSIP number, enter the abbreviation for the stock exchange and issuer, the coupon rate, and year of maturity (e.g., NYSE XYZ 12 1/2 98). Show the name of the issuer if other than the payer. If fewer than 39 characters are required, left justify information and fill unused positions with blanks.
417–418	Combined Federal/ State Code	2	If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table I. For those payers or states <b>not</b> participating in this program, <b>enter blanks.</b>
419–420	Blank	2	<b>Enter blanks</b> or carriage return/ line feed (cr/lf) characters.

**Payee “B” Record — Record Layout Positions 322–420 Form 1099–OID**

Blank	Special Data Entries	Description	Combined Federal/ State Code	Blank or CR/LF
322–349	350–377	378–416	417–418	419–420

**(7) Payee “B” Record — Record Layout Positions 322–420 Form 1099–R**

Field Position	Field Title Length	Description and Remarks
322–349	Blank	28 <b>Enter blanks.</b>
350–396	Special Data Entries	47 This portion of the “B” Record may be used to record information for state or local government reporting or for the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
397–406	State Income Tax Withheld	10 <b>Form 1099–R only.</b> State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries field.
407–416	Local Income Tax Withheld	10 <b>Form 1099–R only.</b> Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries field.
417–418	Combined Federal/State Code	2 If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 16, Table 1. For those payers or states not participating in this program, <b>enter blanks.</b>
419–420	Blank	2 <b>Enter blanks,</b> or carriage return/line feed (cr/lf) characters.

**Payee “B” Record—Record Layout Positions 322–420  
Form 1099–R**

Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code
322–349	350–396	397–406	407–416	417–418
Blank or CR/LF				
419–420				

**(8) Payee “B” Record — Record Layout Positions 322–420 Form 1099–S**

Field Position	Field Title	Length	Description and Remarks
322–349	Blank	28	<b>Enter blanks.</b>
350–372	Special Data Entries	23	This portion of the “B” Record may be used to record information for state or local government reporting or for

the filer’s own purposes. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, **enter blanks**.

373–378	Date of Closing	6	<b>Required. Form 1099–S only.</b> Enter the closing date in the format MMDDYY (e.g., 052297). <b>Do not enter hyphens or slashes.</b>
379–417	Address or Legal Description	39	<b>Required. Form 1099–S only.</b> Enter the address of the property transferred (including city, state, and ZIP code). If the address does not sufficiently identify the property, also enter a legal description, such as section, lot, and block. For timber royalties, enter “TIMBER.” If fewer than 39 positions are required, left justify information and fill unused positions with blanks.
418	Property or Services Indicator	1	<b>Required. Form 1099–S only.</b> Enter “1” (one) if the transferor received or will receive property (other than cash and consideration treated as cash in computing gross proceeds) or services as part of the consideration for the property transferred. Otherwise, enter a blank.
419–420	Blank	2	Enter blanks or carriage return/line feed (cr/lf) characters.

**Payee “B” Record — Record Layout Positions 322–420  
Form 1099–S**

Blank	Special Data Entries	Date of Closing	Address or Legal Description	Property or Services Indicator	Blank or CR/LF
322–349	350–372	373–378	379–417	418	419–420

 **Note:** When reporting Form 1099–S, the “B” Record will reflect the seller/transferor information.

**(9) Payee “B” Record - Record Layout Positions 322–420 Form W–2G**

Field Position	Field Title	Length	Description and Remarks
322–352	Blank	31	<b>Enter blanks.</b>
353–358	Date Won	6	<b>Required. Form W–2G only.</b> Enter the date of the winning event in the format MMDDYY (e.g., 052297). Do not enter hyphens or slashes. This is not the date the money was paid, if paid after the date of the race (or game).
359–373	Transaction	15	<b>Required. Form W–2G only.</b> For state-conducted lotteries, enter the ticket or other identifying number. For keno, bingo, and slot machines, enter the ticket or card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction. All others, <b>enter blanks</b> .

374-378	Race	5	<b>Form W-2G only.</b> If applicable, enter the race (or game) relating to the winning ticket. Otherwise, <b>enter blanks.</b>
379-383	Cashier	5	<b>Form W-2G only.</b> If applicable, enter the initials of the cashier making the winning payment; otherwise, <b>enter blanks.</b>
384-388	Window	5	<b>Form W-2G only.</b> If applicable, enter the window number or location of the person paying the winnings; otherwise, <b>enter blanks.</b>
389-403	First ID	15	<b>Form W-2G only.</b> For other than state lotteries, enter the first identification number of the person receiving the winnings; otherwise, <b>enter blanks.</b>
404-418	Second ID	15	<b>Form W-2G only.</b> For other than state lotteries, enter the second identification number of the person receiving the winnings; otherwise, <b>enter blanks.</b>
419-420	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (cr/lf) characters.

**Payee "B" Record — Record Layout Positions 322-420  
Form W-2G**

Blank	Date Won	Transaction	Race	Cashier	Window	First Id
322-352	353-358	359-373	374-378	379-383	384-388	389-403

Id	Blank or CR/LF
404-418	419-420

**Sec. 9. End of Payer "C" Record — General Field Descriptions and Record Layout**

- .01 The End of Payer "C" Record is a fixed record length of 420 positions.** The control total fields are each 15 positions in length.
- .02** The "C" Record consists of the total number of payees and the totals of the payment amount fields filed by a given payer and/or a particular type of return. The "C" Record **must** be written after the last "B" Record for each type of return for a given payer. For each "A" Record and group of "B" Records on the file, there must be a corresponding "C" Record.
- .03** In developing the "C" Record, for example, if a payer used Amount Codes 1, 3, and 6 in the "A" Record, the totals from the "B" Records will appear in Control Totals 1, 3, and 6 of the "C" Record. In this example, positions 26-40, 56-85, and 101-145 would be zero filled. Positions 146-420 would be blank filled.
- .04** Payers/Transmitters should verify the accuracy of the totals since data with missing or incorrect "C" Records may be returned for replacement.

**Record Name: End of Payer "C" Record**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter "C."
2-7	Number of Payees	6	<b>Required.</b> Enter the total number of "B" Records covered by the preceding "A" Record. Right justify information and fill unused positions with zeros.

8–10	Blank	3	<b>Enter blanks.</b>
11–25	Control Total 1	15	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Record into the appropriate control total fields of the “C” Record. <b>Control totals must be right-justified and unused control total fields zero - filled.</b> All control total fields are 15 positions in length.
26–40	Control Total 2	15	
41–55	Control Total 3	15	
56–70	Control Total 4	15	
71–85	Control Total 5	15	
86–100	Control Total 6	15	
101–115	Control Total 7	15	
116–130	Control Total 8	15	
131–145	Control Total 9	15	
146–420	Blank	275	

**End of Payer “C” Record — Record Layout**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3	
1	2–7	8–10	11–25	26–40	41–55	
Control Total 4	Control Total 5	Control Total 6	Control Total 7	Control Total 8	Control Total 9	Blank or CR/LF
56–70	71–85	86–100	101–115	116–130	131–145	146–420

**Sec. 10. State Totals “K” Record — General Field Descriptions and Record Layout**

- .01** The State Totals “K” Record is a fixed record length of 420 positions. The control total fields are each 15 positions in length.
- .02** The “K” Record is a summary for a given payer and a given state in the Combined Federal/State Filing Program, used **only** when state reporting approval has been granted.
- .03** The “K” Record will contain the total number of payees and the totals of the payment amount fields filed by a given payer for a given state. The “K” Record(s) must be written after the “C” Record for the related “A” Record.
- .04** In developing the “K” Record, for example, if a payer used Amount Codes 1, 3, and 6 in the “A” Record, the totals from the “B” Records coded for this state will appear in Control Totals 1, 3, and 6 of the “K” Record.
- .05** There **must** be a separate “K” Record for **each state** being reported.
- .06** Refer to Part A, Sec. 16 for the requirements and conditions that **must** be met to file via this program.
- .07** Control total fields have been added for the accumulated totals of state and local withholding fields from the “B” Records for Form 1099–R only for each state being reported.

**(1) State Totals “K” Record — Record Layout Forms 1099–DIV, 1099–G, 1099–INT, 1099–MISC, 1099–OID, 1099–PATR, and 5498**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “K.”
2–7	Number of Payees	6	<b>Required.</b> Enter the total number of “B” Records being coded for this state. Right justify information and fill unused positions with zeros.
8–10	Blank	3	<b>Enter blanks.</b>
11–25	Control Total 1	15	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Records for each state being reported into the appropriate control total fields of the appropriate “K” Record. <b>C o n t r o l t o t a l s m u s t b e r i g h t - j u s t i f i e d , a n d u n u s e d c o n t r o l t o t a l f i e l d s z e r o - f i l l e d .</b> All control total fields are 15 positions in length.
26–40	Control Total 2	15	
41–55	Control Total 3	15	
56–70	Control Total 4	15	
71–85	Control Total 5	15	
86–100	Control Total 6	15	
101–115	Control Total 7	15	
116–130	Control Total 8	15	
131–145	Control Total 9	15	
146–416	Blank	271	Reserved for IRS use. <b>Enter blanks.</b>
417–418	Combined Federal/ State Code	2	<b>Required.</b> Enter the code assigned to the state which is to receive the information. (Refer to Part A, Sec. 16, Table I.)
419–420	Blank	2	<b>Enter blanks</b> or carriage return/line feed (cr/lf) characters.

**State Totals “K” Record — Record Layout Forms 1099–DIV, 1099–G, 1099–INT, 1099–MISC, 1099–OID, 1099–PATR, and 5498**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3
1	2–7	8–10	11–25	26–40	41–55

Control Total 4	Control Total 5	Control Total 6	Control Total 7	Control Total 8	Control Total 9
56–70	71–85	86–100	101–115	116–130	131–145
Blank	Combined Federal/ State Code	Blank or CR/LF			
146–416	417–418	419–420			

**(2) State Totals “K” Record — Record Layout Form 1099–R**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “K.”
2–7	Number of Payees	6	<b>Required.</b> Enter the total number of “B” Records being coded for this state. Right justify information and fill unused positions with zeros.
8–10	Blank	3	<b>Enter blanks.</b>
11–25	Control Total 1	15	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Records for each state being reported into the appropriate control total fields of the appropriate “K” Record. <b>C o n t r o l t o t a l s m u s t b e r i g h t - j u s t i f i e d, a n d u n u s e d c o n t r o l t o t a l f i e l d s z e r o - f i l l e d.</b> All control total fields are 15 positions in length.
26–40	Control Total 2	15	
41–55	Control Total 3	15	
56–70	Control Total 4	15	
71–85	Control Total 5	15	
86–100	Control Total 6	15	
101–115	Control Total 7	15	
116–130	Control Total 8	15	
131–145	Control Total 9	15	
146–386	Blank	241	Reserved for IRS use. <b>Enter blanks.</b>
387–401	Control Total State Income Tax Withheld	15	<b>Form 1099–R only.</b> Aggregate totals of the state income tax withheld field in the Payee “B” Record; otherwise, <b>enter blanks.</b>
402–416	Control Total Local Income Tax Withheld	15	<b>Form 1099–R only.</b> Aggregate totals of the local income tax withheld field in the Payee “B” Record; otherwise, <b>enter blanks.</b>

417-418	Combined Federal/State Code	2	<b>Required.</b> Enter the code assigned to the state which is to receive the information. (Refer to Part A, Sec. 16, Table 1.)
419-420	Blank	2	<b>Enter blanks</b> or carriage return/line feed (cr/lf) characters.

**State Totals "K" Record — Record Layout — Form 1099-R**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3
1	2-7	8-10	11-25	26-40	41-55
Control Total 4	Control Total 5	Control Total 6	Control Total 7	Control Total 8	Control Total 9
56-70	71-85	86-100	101-115	116-130	131-145
Blank	Control Total State Income Tax Withheld	Control Total Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF	
146-386	387-401	402-416	417-418	419-420	

**Sec. 11. End of Transmission "F" Record — General Field Descriptions and Record Layout**

**.01 The end of transmission "F" record is a fixed record length of 420 positions.** The "F" Record is a summary of the number of payers in the entire file.

**.02** This record should be written after the last "C" Record (or last "K" Record, when applicable) of the **entire** file.

**Record Name: End of Transmission "F" Record**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter "F."
2-5	Number of "A" Records	4	Enter the total number of Payer "A" Records in the entire file (right justify and zero fill) or enter all zeros.
6-30	Zero	25	Enter zeros.
31-420	Blank	390	<b>Enter blanks</b> or carriage return/line feed (cr/lf) characters in positions 419-420.

**End of Transmission "F" Record — Record Layout**

Record Type	Number of "A" Records	Zeros	Blank or CR/LF
1	2-5	6-30	31-420

## Part C. Bisynchronous (Mainframe) Electronic Filing Specifications

### Sec. 1. General

*In compliance with Year 2000 changes, the current bisynchronous electronic filing communication package will change in the future.*

**.01** Bisynchronous electronic filing of Forms 1098, 1099, 5498, and W-2G, originals, corrections, and replacements of information returns is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. This method uses IBM 3780 communications protocols and is used primarily by mainframe filers. Electronic filing will fulfill the magnetic media requirements for those payers who are required to file magnetically. It may also be used by payers who are under the filing threshold requirement, but would prefer to file their information returns this way.

**.02** The electronic filing of information returns is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Taxpayer Service toll free number (1-800-829-1040) for assistance.

**.03** Filers participating in the electronic filing program for information returns will submit their returns to IRS/MCC electronically, and not through magnetic media or paper filing.

**.04** If a request for extension is approved, transmitters who file electronically will be granted an extension of 30 days to file. Part A, Sec. 11, explains procedures for requesting extensions of time. Filers are encouraged to file their data as soon as possible.

**.05** The formats of the "A", "B", "C", "K", and "F" Records are the same for electronically filed records as they are for 5 1/4- and 3 1/2-inch diskettes, tapes, and tape cartridges. For electronically filed documents, each transmission is considered a separate file.

### Sec. 2. Electronic Filing Approval Procedure

**.01** Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned to them prior to submitting their files electronically. (Filers who currently have a TCC for magnetic filing do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 7, for information on how to obtain a TCC.

**.02** Filers using bisynchronous protocols must obtain an IRS/MCC-assigned password prior to submitting test or actual data files. To obtain a password, the following steps must be taken:

- (a) Bisynchronous filers who already have a TCC must submit either Form 4419 or a letter to indicate that they wish to file information returns electronically. Another TCC will not be assigned. If a letter is submitted, it must contain the following:
  - 1) Name and address of transmitter.
  - 2) Transmitter Control Code.
  - 3) Name and phone number of a contact person within the filer's organization to whom a password will be assigned.
- (b) Within 30 days of receiving the application or letter, IRS/MCC will send Form 6086, Time Sharing Operation (TSO) Password Assignment, to the filer which will contain the password to be used for electronic submissions.
- (c) Upon receipt of Form 6086, the user (person who will actually transmit the data) will separate the acknowledgment from the password. Both the user and the user's manager **must** sign the acknowledgment and mail to:



Chief, Security and Disclosure Branch  
IRS, Martinsburg Computing Center  
P. O. Box 1208, MS-370  
Martinsburg, WV 25402

- (d) The users or filers should retain a copy of the signed acknowledgment for their records. It is the filer's responsibility to ensure that the password is not compromised. Access to IRS/MCC computers will not be allowed without a valid password. After a password is received and the acknowledgment returned, the filer may submit a data file.
- (e) For security reasons, all bisynchronous passwords will expire periodically, and a new password will automatically be assigned. If filers have any questions relating to the security procedures, and/or they need to report their password has been compromised, they must contact IRS/MCC as soon as possible at:



IRS/MCC  
Information Returns Branch  
P. O. Box 1359, MS-360  
Martinsburg, WV 25402-1359



or by calling: **304-263-8700**.

**.03** It is the user's responsibility to remember the password and not allow the password to be compromised.

### Sec. 3. Test Files

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for first time electronic filers in order to resolve any data or communication problems prior to the filing season. If filers wish to submit an electronic test file for Tax Year 1997 (returns to be filed in 1998), it **must** be submitted to IRS/MCC **no earlier than** November 1, 1997, and no later than December 31, 1997.

**.02** If a filer encounters problems while transmitting electronic test files, contact IRS/MCC for assistance.

**.03** A password must be obtained before submitting an electronic test file.

**.04** Bisynchronous electronic test files will be processed and filers will be notified as to the acceptability of their data within 5 workdays of the date the data and transmittal Form 4804 are received by IRS/MCC.

**.05** A test file is required from filers who want approval for the Combined Federal/State Filing Program. See Part A, Sec. 16, for further details.

### Sec. 4. Electronic Submissions

**.01** Electronically filed information may be submitted to IRS/MCC 7 days a week, 24 hours a day, except for routine maintenance/backup which is performed at 4:00 a.m. Eastern Time. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern Time by calling **304-263-8700**.

**.02** Lengthy transmissions (**100,000 or more records**) are not encouraged since the transmission may be interrupted by line noise problems. **It is advisable to break lengthy files into multiple transmissions.**

**.03** The time required to transmit information returns electronically will vary depending on the modem speed, if IBM 3780 data compression is used, and if the records are blocked. The following transmission rates were based on actual test files received at MCC:

<b>4,500 records</b>	<b>50 minutes</b>	<b>(4800 bps, no compression, one record per block)</b>
<b>54,000 records</b>	<b>4 hours</b>	<b>(9600 bps, compression, two records per block)</b>

### Sec. 5. Transmittal Requirements

**.01** All data submitted electronically is verified by transmittal Form 4804. The transmitter must send the signed Form 4804 the same day the transmission is made. No return is considered filed until a Form 4804 is received by IRS/MCC.

**.02** Form 4804 can be ordered by calling the IRS toll free forms and publications order number **1-800-TAX-FORM (1-800- 829-3676)** or it may be computer-generated. If a filer chooses to computer-generate Form 4804, all of the information contained on the original form, including the affidavit, must also be contained on the computer-generated form.

**.03** The filer whose TCC is used in the "A" Record is responsible for submitting the transmittal Form 4804.

**.04** Forms 4804 may be mailed to the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
P. O. Box 1359, MS-360  
Martinsburg, WV **25402-1359**

**Note:** The ZIP Code has changed from 25401-1359 to 25402-1359 for the IRS P.O. Box addresses for Martinsburg, WV.

If by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**.05** Assigned Form 4804 submitted for electronically filed information returns may be sent to IRS/MCC at the following number: **304-264-5602**. Faxed transmittals will allow IRS/MCC to begin processing the file immediately; however, a filer must still send the actual signed Form 4804 the same day as the electronic submission.

## Sec. 6. IBM 3780 Bisynchronous Communication Specifications

*In compliance with Year 2000 changes, the current bisynchronous electronic filing communication package will change in the future.*

**.01** Transmissions using IBM 3780 bisynchronous protocols must be in EBCDIC character code. Modems must be compatible with either Bell 208B for 4800 bps transmissions, AT&T 2296A for 9600 bps transmissions, or Hayes OPTIMA288 V.FC Smartmodem for 14400 bps transmissions. These modems are dial-up type modems using the Public Switched Telephone Network. IBM 3780 data compression is acceptable for any bisynchronous transmission. Records may be blocked up to 4096 bytes with INTER RECORD SEPARATORS.

**.02** IRS/MCC will accept information returns filed electronically over switched telecommunications network circuits. For 4800 bps, the circuit will be **304-264-7080**. For 9600 bps, the circuit will be **304-264-7040**. **For 14400 bps, the circuit will be 304-264-7045**. These circuits are equipped for bisynchronous transmission using the IBM 3780 protocol.

**.03** The 4800 bps line terminates at a Bell 208B modem. The Bell 208B modem uses phase-shift keying and eight-phase modulation to transmit binary serial data signals over the telephone line in half-duplex mode. The following options have been selected:

- Transmit Level set to -4 dBm
- Compromise Equalizer in (4-Db Slope)
- DSR off in Analog Loop Mode
- Automatic Answer
- Transmitter Internally Timed
- RS-CS Interval of 50 ms

**.04** The 9600 bps line terminates at an AT&T Dataphone II 2296A modem. The AT&T 2296A modem is a full-duplex, CCITT V.32 compatible unit which operates at 9600 bps or 4800 bps (fallback). The following options have been selected:

- Receiver Responds to Remote Loopback
- Loss-of-Carrier Disconnect
- Received-Space Disconnect
- Send-Space Disconnect
- Automatic Answer
- Answer on Ring 1
- DTR Interlock
- Retrain Enable
- Internal Timing
- CTS Controlled by RTS
- 0 - 1 ms RTS to CTS Delay
- CTS Dependent on Carrier
- RR Indicates Carrier
- 9600 Trellis Coding
- 4800 bps Fallback
- 4 dB Compromise Equalization

**.05** The 14400 bps line terminates at a Hayes OPTIMA288 V.FC Smartmodem. The Hayes OPTIMASmartmodem is a half-duplex, ITU-T (formerly CCITT) V.32 and V.32 bis compatible unit which operates at 14400 bps, 9600 bps, or 4800 bps (fallback). The following options have been selected:

- Monitor DTR signal
- Assert DSR signal after handshake negotiation, but before connect result code
- Ring control S=1

## Sec. 7. Bisynchronous Electronic Filing Record Specifications

**.01** For bisynchronous filing there are two additional identifier records which must be used to transmit data. These records are 420 positions in length and are the first (\$\$REQUEST) and second (\$\$ADD) records sent in an electronic transmission. The purpose of these records is to provide the password and identity of the transmitter. The \$\$REQUEST, \$\$ADD, and the data file should

be transmitted as one file. In some cases, filers have attempted to send the \$\$REQUEST and \$\$ADD as separate files. Doing this will result in a failed transmission.

**.02** With the exception of these additional records, the file format for electronic filing is the same as for magnetic media filing. The format of each of these records is as follows:

**Record Name: \$\$REQUEST**

Field Position	Field Title	Length	Description and Remarks
1–20	\$\$REQUEST Identifier Record	20	Enter the following characters: \$\$REQUEST ID=MSG-FILE
21–420	Blank	400	<b>Enter blanks.</b>

**Electronic Filing Identifier \$\$REQUEST RECORD — Record Layout**

\$\$REQUEST Identifier Record	Blank
1–20	21–420

**.03** Upon making contact with IRS/MCC and furnishing a valid password in the \$\$ADD identifier record, a data transmission session will commence. The transmission will continue until an End of Transmission (EOT) “F” Record is received. At the end of each transmission, the following message should be received electronically by the filer: “DATA RECEIVED AT MCC” and the line will be disconnected. If this message is not received, there was a problem with the submission, and the filer should contact IRS/MCC immediately.

**.04** Upon receiving a data file and transmittal Form 4804, IRS/MCC will release the data for further processing. If the media cannot be processed, the filer will be notified by either letter or telephone that the data must be retransmitted. This file name, if necessary, will be provided by IRS/MCC and is to be placed in positions 45–51 of the \$\$ADD record when the file is retransmitted.

**Record Name: \$\$ADD**

Field Position	Field Title	Length	Description and Remarks
1–9	\$\$ADD Identifier Record	9	Enter the following characters: \$\$ADD ID=
10–17	Password	8	Enter the password assigned by IRS/MCC. For information concerning the password, see Part C, Sec. 2.
18	Blank	1	<b>Enter a blank.</b>
19–26	BATCHID	8	Enter the following characters: BATCHID=
27	Quote	1	Enter a single quote (‘).
28–43	Transmitter Name	16	Enter the transmitter’s name. This name should remain consistent in all transmissions. If the transmitter’s name exceeds 16 positions, truncate the name.
44	Type of File Indicator	1	Enter the Type of File Indicator from the list below: O = Original filing T = Test file C = Correction file R = Replacement file E = Extension file

45-51	Replacement File Name	7	<b>Use this field only if this is a replacement file.</b> Enter the replacement file name which IRS/MCC has assigned to this file. This file name will be provided to the filer in the letter notifying them that a replacement file is necessary. If contact is made by telephone, the replacement file name will be given to the filer by IRS/MCC at that time. For other than replacement files, this field will contain blanks.
52	Quote	1	Enter a single quote (').
53-420	Blanks	368	<b>Enter blanks.</b>

**Electronic Filing Identifier \$\$ADD Record - Record Layout**

\$\$ADD Identifier Record	Password	Blank	BATCHID	Quote	Transmitter Name
1-9	10-17	18	19-26	27	28-43

  

Type of File Indicator	Replacement File Name	Quote	Blanks
44	45-51	52	53-420

**Part D. Asynchronous (IRP-BBS) Electronic Filing Specifications**

Sec. 1. General

**.01** Asynchronous electronic filing of Forms 1098, 1099, 5498, and W-2G, originals, corrections, and replacements of information returns is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. Electronic filing using the Information Reporting Program Bulletin Board System (IRP-BBS) will fulfill the magnetic media requirements for those payers who are required to file magnetically. It may also be used by payers who are under the filing threshold requirement, but would prefer to file their information returns this way. If the original file was sent magnetically, but was returned for replacement, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

**.02** The electronic filing of information returns is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Taxpayer Service toll-free number (1-800-829-1040) for assistance.

**.03** Filers participating in the electronic filing program, for information returns will submit their returns to IRS/MCC via electronically and not through magnetic media or paper filing. Files submitted in this manner must be in standard ASCII code.

**.04** If a request for extension is approved, transmitters who file electronically will be granted an extension of 30 days to file. Part A, Sec. 11, explains procedures for requesting extensions of time. Filers are encouraged to file their data as soon as possible.

**.05** The formats of the "A", "B", "C", "K", and "F" Records are the same for electronically filed records as they are for 5 1/4- and 3 1/2-inch diskettes, tapes, and tape cartridges and must be in standard ASCII code. For electronically filed documents, each transmission is considered a separate file; therefore, each transmission **must** have an End of Transmission (EOT) "F" Record.

Sec. 2. Electronic Filing Approval Procedure

**.01** Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned to them prior to submitting their files electronically. (Filers who currently have a TCC for magnetic filing do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 7, for information on how to obtain a TCC.

**.02** Once a TCC is obtained, filers using IRP-BBS assign their own passwords and do not need special approval.

**.03** With all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised.

However, if filers do forget their password, call **304-263-8700** for assistance.

☞ **Note: Passwords on the IRP-BBS are case sensitive.**

### Sec. 3. Test Files

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for first time electronic filers in order to resolve any data or communication problems prior to the filing season. If filers wish to submit an electronic test file for Tax Year 1997 (returns to be filed in 1998), it **must** be submitted to IRS/MCC **no earlier than** November 1, 1997, and **no later than** December 31, 1997.

**.02** If a filer encounters problems while transmitting the electronic test files, contact IRS/MCC for assistance.

**.03** Filers can verify the status of their transmitted test data by dialing the IRP-BBS. This information will be available within two workdays after their transmission is received by IRS/MCC.

**.04 A test file is required from filers who want approval for the Combined Federal/State Filing Program.** See Part A, Sec. 16 for further details.

### Sec. 4. Electronic Submissions

**.01** Electronically filed information may be submitted to IRS/MCC 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern Time by calling **304-263-8700**.

**.02** Filers may submit as many documents as they choose electronically. Filers are allowed 240 minutes a day; however, more time may be requested if needed. It may be advantageous to break down large files (**files in excess of two hours of transmission time**) into several smaller files. For example, if large files contain several types of returns or payers, transmit each type of return or payer as a separate file. As a result, if only one of the files is incorrect, a replacement would be needed for only the incorrect file.

**.03 Do not transmit data using IRP-BBS January 1 through January 7.** This will allow time for the IRP-BBS to be updated to reflect current year changes.

**.04** Data compression is encouraged when submitting information returns by way of the IRP-BBS. MCC has the ability to decompress files created using several popular software compression programs such as ARC, LHARC, and PKZIP. Software data compression can be done alone or in conjunction with V.42bis hardware compression.

The time required to transmit information returns electronically will vary depending on the modem speed and the type of data compression used, if any. However, transmissions to IRP-BBS will be significantly faster than electronic filing to the mainframe. **The time required to transmit a file can be reduced by as much as 85 percent by using software compression and hardware compression.**

The following are actual transmission rates achieved in test uploads at MCC using compressed files (PKZIP) and the XMODEM-1K protocol. The actual transmission rates will vary depending on the protocol that is used. (ZMODEM is normally the fastest protocol and XMODEM and KERMIT are the slower protocols.)

Transmission Speed in bps	500 Records	2500 Records	10000 Records
9600	40 sec	2 min 50 sec	12 min 21 sec
19200	31 sec	1 min 34 sec	7 min 1 sec
38400	17 sec	36 sec	4 min 7 sec

**.05** Files submitted to IRP-BBS must have a unique filename; therefore, the IRP-BBS will build the filename that must be used. The name will consist of the filer's TCC, submission type (T= Test, P= Production, C = Correction, and R = Replacement) and a sequence number. Filers may call the file anything they choose on their end. The sequence number will be incremented every time the filers send, or attempt to send, a file. Record the upload date, time, and filename. This information will be needed by MCC in order to identify the file if assistance is required and to complete Form 4804.

### Sec. 5. Transmittal Requirements

**.01** The results of the electronic transmission will be posted to the (F)ile Status area of the IRP-BBS; however, no further processing will occur until the signed Form 4804 is received. The transmitter must send the signed Form 4804 the same day the electronic transmission is made. No return is considered filed until a Form 4804 is received by IRS/MCC.

**.02** Form 4804 can be ordered by calling the IRS toll-free forms and publication order number **1-800-TAX-FORM, (1-800-829-3676)**, downloaded from the IRP-BBS, or it may be computer-generated. If a filer chooses to computer-generate Form 4804, all of the information contained on the original form, including the affidavit, must also be contained on the computer-generated form.

**.03** The filer whose TCC is used in the "A" Record is responsible for submitting the transmittal Form 4804.

**.04** Forms 4804 may be mailed to the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
P. O. Box 1359, MS-360  
Martinsburg, WV **25402-1359**

**Note:** The ZIP Code has changed from 25401-1359 to 25402-1359 for the IRS P.O. Box addresses for Martinsburg, WV

If by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**.05** A signed Form 4804 submitted for electronically filed information returns may be sent to IRS/MCC at the following number: **304-264-5602**. Faxed transmittals will allow IRS/MCC to begin processing the file immediately; however, a filer must still send the actual signed Form 4804 the same day as the electronic submission.

## Sec. 6. Information Reporting Program Bulletin Board System (IRP-BBS) Specifications

**.01** The IRP-BBS is an electronic bulletin board system available to filers of information returns. In addition to filing information returns electronically, the IRP-BBS provides other capabilities. Some of the advantages of IRP-BBS are as follows:

- (1) Notification within two workdays as to the acceptability of the data transmitted.
- (2) Immediate access to the latest changes and updates that affect the Information Reporting Program at IRS/MCC (program, legislative, etc.).
- (3) Access to publications such as the Publication 1220 as soon as they are available.
- (4) Capability to communicate with IRS/MCC personnel.
- (5) Ability to retrieve information and files applicable to the IRP-BBS.

**.02** The IRP-BBS is available for public use and accessible using various personal computer communications equipment; however, electronic submission of information returns is limited to holders of valid TCCs. ATCC is not needed to access those portions of the IRP-BBS that contain forms and publications or to leave questions or messages for IRS/MCC personnel.

**.03** Filers using IRP-BBS can determine the acceptability of files submitted by checking the file status area of the bulletin board. These reports are not immediately available but will be available two workdays after the transmission is received by IRS/MCC.

**.04** Contact the IRP-BBS by dialing **304-264-7070**. The communication software settings for IRP-BBS are:

- No parity
- Eight data bits
- One stop bit
- Full duplex

The communication software should be set up to use the fastest speed allowed by the filer's modem.

**.05** Due to the large number of communication products available, it is impossible to provide specific information on a particular software package or hardware configuration. Filers should contact their software or hardware supplier for assistance.

**.06** IRP-BBS software provides a menu-driven environment allowing access to different parts of IRP-BBS. Whenever possible, IRS/MCC personnel will provide assistance in resolving any communication problems with IRP-BBS.

**.07** IRP-BBS can be accessed at speeds from 1200 to 28,800 bps. The speed is automatically negotiated for connection at the speed of the calling modem. The communication standards supported include Industry Standard 212A, V.22bis, V.32, V.32bis, V.34, and V.FC. Point-to-point error control is supported using the V.42 ITU-T standard or MNP 2-4. Data compression is supported using V.42bis ITU-T standard or MNP5.

## Sec. 7. IRP-BBS First Logon Procedures

**.01** The following information will be requested to set up the filer's user profile when logging onto the IRP-BBS for the first time.

- (A) Enter the letter, that corresponds to the filer's terminal, from the following:

<A> IBM PC <B> IBM w/ANSI <C> Atari  
 <D> ADM-3 <E> H19/Z19/H89 <F> Televid 925  
 <G> TRS-80 <H> Vidtex <I> VT-52  
 <J> VT-100 <CR> if none of the above

Most PCs, clones, etc., will select the IBM PC emulation. Machines with color, CGA, EGA, or V G A should select IBM w/ANSI.

(B) Upper/lower case, line feed needed, O (zero) nulls after each <CR>, do you wish to modify this? (Most users answer no.)

**Common User Problems**

<b>Problem</b>	<b>Probable Cause</b>	<b>Solution</b>
File does not upload/download	Not starting communication when prompted by 'Awaiting Start Signal'	Start upload/download on filers end
All files not processed	Compressing several files into one filename	Compress only one file for every filename
Replacement needed	Original data does not meet processing and/or format requirements	Replacement must be submitted within 45 days of original transmission
Cannot determine file status	Not dialing back thru IRP-BBS to check the status of the file	Within 24 to 48 hours after sending a file, check under (F)ile Status for notification of acceptability
Transfer aborts before it starts	Transfer protocol mismatch	Ensure protocols match on both the sending and receiving ends

**IRS Encountered Problems**

<b>Problem</b>	<b>Probable Cause</b>	<b>Solution</b>
Loss of carrier during session	Incorrect modem settings on user's end	Reference your modem manual about increasing the value of the S10 register
Unreadable screens after selecting "IBM w/ANSI"	ANSI.SYS driver not loaded in the user's PC	Select non ANSI under (Y) our settings
IRS cannot complete final processing of data	User did not mail the Form 4804	Mail completed Form 4804 the same day as the electronic transmission
IRS cannot determine which file is being replaced	User did not indicate which file is being replaced	Must enter the file name that is being replaced under the replacement option
IRS cannot determine the type of file being sent	User incorrectly indicated T, P, C, or R for the type of file	When prompted, enter the correct type of file for data being sent
Replacement file not returned within 45 days	User did not dial back thru IRP-BBS to check the status of file	Within two workdays check under (F)ile Status for notification of acceptability
Duplicate data	Transmitter sends corrections for entire file	Only submit corrections for incorrect records

## Part E. Magnetic/Electronic Specifications For Extensions of Time

### Sec. 1. General

**.01** The specifications in Part E include the required 200-byte record format for extensions of time to file requests submitted magnetically or electronically. Also included are the instructions for the information that is to be entered in the record. **Filers are advised to read this section in its entirety to ensure proper filing.**

**.02** Only filers who have been assigned a Transmitter Control Code may request an extension of time magnetically or electronically. If you meet the threshold of more than 50 payers when requesting an extension but are below the 250 documents threshold, you must still submit a Form 4419, Application for Filing Information Returns Magnetically/Electronically.

Requests for extensions of time may be made for Forms 1098, 1099, 5498, W-2G, W-2, and 1042-S.

**.03** For Tax Year 1997 (returns due to be filed in 1998), transmitters requesting an extension of time to file for **more than 50 payers (not payees) are required to file the extension request magnetically or electronically.** Transmitters requesting an extension of time for 10 to 50 payers (not payees) are encouraged to file the request magnetically or electronically. The request may be filed on tape, tape cartridge, 5 1/4- and 3 1/2-inch diskette, or electronically.

**.04** For extension requests filed on magnetic media, the transmitter must mail the completed, signed Form 8809, Request for Extension of Time To File Information Returns, in the same package as the corresponding media. For extension requests filed electronically, the transmitter must FAX the Form 8809 the same day the transmission is made.

**.05** **Transmitters submitting an extension of time magnetically or electronically should not submit a list of payer names and TINS with the Form 8809. However, Box 6 of the Form 8809 must be completed with the total number of records included on the magnetic media or electronic file.**

**.06** To be considered, an extension request must be submitted or transmitted on or before the due date of the returns; otherwise, the request will be denied.

**.07** The extension record format is also on the IRP-BBS and can be downloaded. **See Part D for more information on how to contact the IRP-BBS.**

**.08** Amagnetically-filed request for an extension of time should be sent using the following addresses:



If by Postal Service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
P. O. Box 879, MS-360  
Kearneysville, WV 25430

If by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**Note:** Due to the large volume of mail received by IRS/MCC and the time factor involved in processing the Form 8809, it is imperative that the attention line be present on all envelopes or packages containing Extension of Time (EOT) requests.

**.09** Requests for extension of time to file postmarked by the United States Postal Service on or before the due date of the returns, and delivered by United States mail to the IRS/MCC after the due date, are treated as timely under the "timely mailing as timely filing" rule. A similar rule applies to designated private delivery services (PDSs). See section 10 of Part A for more information on PDSs. For requests delivered by a designated PDS, but through a non-designated service, the actual date of receipt by IRS/MCC will be used as the filing date.

**.10** Transmitters who submit their extensions of time requests magnetically or electronically will receive a letter from IRS/MCC with an attached list of the payers specifying approval and/or denial.

**.11** Do not submit tax year 1997 extensions of time to file requests on magnetic media or electronically before January 1, 1998.

**.12** Filers may request an extension of time **as soon as they are aware** that an extension is necessary but not later than the due date of the return. It will take a minimum of 30 days for IRS/MCC to respond to an extension request. Under certain circumstances a request for an extension of time could be denied. In such cases, the transmitter receives a denial letter. When this denial letter is received, the transmitter has 20 days to provide the additional or necessary information and resubmit the extension request to IRS/MCC.

**.13** Each piece of magnetic media **must** have an external media label containing the following information:

- (a) Transmitter name
- (b) Transmitter Control Code (TCC)

- (c) Tax year
- (d) The words "Extension of Time"
- (e) Record count

**.14** A request for an extension of time to file is not automatically granted. Approval or denial is dependent on information provided on the Form 8809.

**.15** If the first request for an extension of time to file was submitted magnetically or electronically, additional extension requests should be submitted in the same manner.

**.16** If an additional extension of time is needed, a second Form 8809 and file may be submitted before the end of the initial extension period. Line 7 on the form should be checked to indicate that the original extension has been received and the additional extension is being requested.

**.17** See part A, Sec. 11, for complete information on requesting an extension of time to file information returns. If there are additional questions or concerns, contact IRS/MCC.

## Sec. 2. Magnetic Tape, Tape Cartridge, 8mm, 4mm and QIC (quarter inch cartridge), 5 1/4- and 3 1/2-inch Diskette and Electronic Specifications

**.01** Tape specifications are as follows:

- (a) 9 track.
- (b) EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) recording mode.
- (c) 1600 or 6250 BPI.
- (d) A block must not exceed 32,600 tape positions and must be a multiple of 200.
- (e) Record length of 200 bytes.
- (f) Labeled or unlabeled tapes may be submitted.

**.02** Tape cartridge specifications are as follows:

- (a) Must be IBM 3480, 3490, or AS400 compatible.
- (b) Must meet American National Standard Institute (ANSI) standards and have the following characteristics:
  - (1) Tape cartridges will be 1/2-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
  - (2) Magnetic tape will be chromium dioxide particle based 1/2-inch tape.
  - (3) Cartridges will be 18-track or 36-track parallel. Indicate on the external media label if the tape cartridge is 18- or 36-track.
  - (4) Mode will be full function.
  - (5) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
  - (6) Either EBCDIC or ASCII.
- (c) A block must not exceed 32,600 tape positions and must be a multiple of 200.
- (d) Record length of 200 bytes.
- (e) Labeled or unlabeled tape cartridges may be submitted.

**.03** *8mm, 4mm, and Quarter Inch Cartridge Specifications*

- (a) In most instances, IRS/MCC can process 8mm tape cartridges that meet the following specifications:
  - (1) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
    - (a) Created from an AS400 operating system **only**.
    - (b) 8mm (.315-inch) tape cartridges will be 2 1/2 -inch by 3 3/4-inch.
    - (c) The 8mm tape cartridges must meet the following specifications:
 

Tracks	Density	Capacity
1	20 (43245 BPI)	2.3 Gb (10Gb)
1	21 (45434 BPI)	5 Gb (20 Gb)
    - (d) Mode will be full function.
    - (e) **Compressed data is not acceptable.**
    - (f) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used. However, IRS/MCC encourages the use of EBCDIC. This information must appear on the external media label affixed to the cartridge.
    - (g) A file may consist of more than one cartridge, however, no more than 250,000 documents may be transmitted per file or per cartridge. The filename, for example; IRSTAX, will contain a three digit extension. The extension will indicate the sequence of the cartridge within the file 1 of 3, 2 of 3, or 3 of 3 and would appear in the header label IRSTAX.001, IRSTAX.002, and IRSTAX.003. on each cartridge of the file. The end of transmission "F" Record should be placed on the last cartridge only for files containing multiple cartridges.
    - (2) The 8mm (.315-inch) tape cartridge records defined in this revenue procedure may be blocked subject to the following:
      - (a) A block must not exceed 32,600 tape positions.

- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. Do not pad a block with blanks.
  - (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within a block (the blocking factor) must be constant in every block with the exception the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 200.
  - (d) Various SAVE commands have been successful, however, the **SAVE OBJECT COMMAND is not acceptable.**
  - (e) Extraneous data following the "F" Record will result in media being returned for replacement.
  - (f) Records may not span blocks.
  - (g) No more than 250,000 documents per cartridge and per file.
- (3) For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. IRSTAX may be used as a suggested filename.
- (4) For the purposes of this revenue procedure, the following must be used:  
Tape Mark:
- (a) Used to signify the physical end of the recording on tape.
  - (b) For even parity, use BCD configuration 001111 (8421).
  - (c) May follow the header label and precede and/or follow the trailer label.
- (5) If extraneous data follows the End of Transmission "F" Record, the file must be returned for replacement. Therefore, IRS/MCC encourages transmitters to use blank tape cartridges, rather than cartridges previously used, in the preparation of data when submitting information returns.
- (6) IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tape-mark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.
- (7) 4mm (.157-inch) cassettes are now acceptable with the following specifications:
- (a) 4mm cassettes will be 2 1/4-inch by 3-inch.
  - (b) The tracks are 1 (one).
  - (c) The density is 19 (61000 BPI).
  - (d) The typical capacity is DDS (DAT data storage) at 1.3 Gb or 2 Gb, or DDS-2 at 4 Gb.
  - (e) The general specifications for 8mm cartridges will also apply to the 4mm cassettes.
- (8) Various Quarter Inch Cartridges (QIC) (1/4-inch) are also acceptable.
- (a) QIC cartridges will be 4" by 6".
  - (b) QIC cartridges must meet the following specification:

<i>Size</i>	<i>Tracks</i>	<i>Density</i>	<i>Capacity</i>
<i>QIC-11</i>	<i>4/5</i>	<i>4 (8000 BPI)</i>	<i>22Mb or 30Mb</i>
<i>QIC-24</i>	<i>8/9</i>	<i>5 (8000 BPI)</i>	<i>45Mb or 60Mb</i>
<i>QIC-120</i>	<i>15</i>	<i>15 (10000 BPI)</i>	<i>120Mb or 200Mb</i>
<i>QIC-150</i>	<i>18</i>	<i>16 (10000 BPI)</i>	<i>150Mb or 250Mb</i>
<i>QIC-320</i>	<i>26</i>	<i>17 (16000 BPI)</i>	<i>320Mb</i>
<i>QIC-525</i>	<i>26</i>	<i>17 (16000 BPI)</i>	<i>525Mb</i>
<i>QIC-1000</i>	<i>30</i>	<i>21 (36000 BPI)</i>	<i>1Gb</i>
<i>QIC-1350</i>	<i>30</i>	<i>18 (51667 BPI)</i>	<i>1.3Gb</i>
<i>QIC-2Gb</i>	<i>42</i>	<i>34 (40640 BPI)</i>	<i>2Gb</i>

- (c) The general specifications that apply to 8mm cartridges will also apply to QIC cartridges.

**.04** Diskette specifications are as follows:

- (a) 5 1/4- or 3 1/2-inches in diameter.
- (b) ASCII recording mode **only**. Additional specifications may be found in Part B, Sec. 3, of this revenue procedure.
- (c) Record length of 200 bytes.
- (d) Diskettes must be created using the MS-DOS operating system.
- (e) Filename of IRSEOT must be used. No other filenames are acceptable. If a file will consist of more than one diskette, the filename IRSEOT will contain a three-digit extension. This extension will indicate the sequence of the diskettes within the file. For example, the first diskette will be named IRSEOT.001, the second diskette will be named IRSEOT.002, etc.
- (f) Delimiter character commas (,) must not be used.
- (g) Positions 199 and 200 of each record have been reserved for use as carriage return/line feed (cr/lf) characters, if applicable.

**.05** Bisynchronous electronic specifications include:

- (a) Transmitter must have Transmitter Control Code (TCC) and a valid IRS/MCC-assigned password prior to submitting data files.

- (b) Access phone numbers:
- |           |                     |
|-----------|---------------------|
| 4800 bps  | <b>304-264-7080</b> |
| 9600 bps  | <b>304-264-7040</b> |
| 14400 bps | <b>304-265-7045</b> |

☞ **Note:** See Part C, Bisynchronous (Mainframe) Electronic Filing Specifications, for detailed information on filing with IRS/MCC via bisynchronous protocols.

.06 IRP-BBS specifications include:

- (a) Transmitter must have Transmitter Control Code (TCC).  
 (b) IRP-BBS access phone number is **304-264-7070**.  
 (c) Communications software settings are:  
 — No parity  
 — Eight data bits  
 — One stop bit  
 — Full duplex  
 (d) Access speeds from 1200 to 28,800 bps.

☞ **Note:** See Part D, IRP-BBS Electronic Filing Specifications, for detailed information on filing with IRS/MCC via IRP-BBS.

### Sec. 3. Record Layout

.01 Positions 6 through 174 of the following record should contain information about the **payer** for whom the extension of time to file is being requested. Do not enter transmitter information in these fields. **Only one TCC may be present in a file.**

**Record Layout for Extension of Time**

Field Position	Field Title	Length	Description and Remarks
1-5	Transmitter Control Code (TCC)	5	<b>Required.</b> Enter the five digit Transmitter Control Code issued by IRS. <b>Only one TCC per file is acceptable.</b>
6-14	Payer TIN	9	<b>Required.</b> Must be the valid nine-digit EIN/SSN assigned to the payer. <b>Do not enter blanks, hyphens or alpha characters.</b> All zeros, ones, twos, etc. will have the effect of an incorrect TIN. For foreign entities that are not required to have a TIN, this field may be blank; <b>h o w e v e r</b> , the Foreign Entity Indicator, position 176, <b>must</b> be set to "X."
15-54	Payer Name	40	<b>Required.</b> Enter the name of the payer whose T I N appears in positions 6-14. Left justify information.
55-94	Second Payer Name	40	If additional space is needed, this field may be used to continue name line information ( <i>e.g.</i> , c/o First National Bank); otherwise, <b>enter blanks</b> .
95-134	Payer Address	40	<b>Required.</b> Enter the payer's address. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to a street address).
135-163	Payer City	29	<b>Required.</b> Enter payer city, town, or post office.
164-165	Payer State	2	<b>Required.</b> Enter payer valid U.S. Postal Service state abbreviation (refer to Part A, Sec. 18).
166-174	Payer ZIP Code	9	<b>Required.</b> Enter payer ZIPcode. If using a five-digit ZIP code, left justify information and fill unused positions with blanks.

175	Document Indicator (See Note)	1	<b>Required.</b> Enter the document you are requesting an extension of time for using the following code:
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Code	Document
1	W-2
2	1098, 1099-A, 1099-B, 1099-C, 1099-DIV, 1099-G, 1099-INT, 1099-LTC, 1099-MISC, 1099-MSA, 1099-OID, 1099-PATR, 1099-R, 1099-S, or W-2G
3	5498, 5498-MSA
4	1042-S
5	REMIC Documents (1099-INT or 1099-OID)

Note: Do not enter any other values in this field. Submit a separate record for each document. For example, if you are requesting an extension for 1099-INT and 5498 for the same payer, submit one record with "2" coded in this field and another record with "3" coded in this field. If you are requesting an extension for 1099-DIV and 1099-MISC for the same payer, submit one record with "2" coded in this field.

176	Foreign Entity Indicator	1	Enter character "X" if the payer is a foreign entity.
177-198	Blank	22	<b>Enter blanks.</b>
199-200	Blank	2	<b>Enter blanks.</b> Diskette filers may code the ASCII carriage return/line feed (cr/lf) characters.

**Extension of Time Record Layout**

1-5	6-14	15-54	55-94	95-134	135-163
Transmitter Control Code	Payer TIN	Payer Name	Second Payer Name	Payer Address	Payer City

Payer State	Payer Zip Code	Document Indicator	Foreign Entity Indicator	Blank
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164-165

166-174

175

176

177-198

Blank or  
CR/LF

199-200

**Part F. Miscellaneous Information**

Section 1. Addresses for Martinsburg Computing Center

To submit an application to file, waiver request (forms), correspondence, and magnetic media files, use the following:



Mailing by U. S. Postal Service:  
 IRS—Martinsburg Computing Center  
 Information Reporting Program  
 P. O. Box 1359, MS-360  
 Martinsburg, WV 25402-1359

Shipping private delivery service:

IRS—Martinsburg Computing Center  
Information Reporting Program  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

**To submit a magnetically filed extension of time request, use the following:**

Mailing by U.S. Postal Service:  
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
P. O. Box 879, MS-360  
Kearneysville, WV 25430

Shipping by private delivery service:

IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
Route 9 and Needy Road, MS-360  
Martinsburg, WV 25401

## Section 2. Telephone Numbers for Contacting IRS/MCC



**Information Reporting Program Call Site:**

?

**304-263-8700**

**Between 8:30 a.m. and 4:30 p.m. Eastern Time  
Monday through Friday**

**Telecommunication Device for the Deaf (TDD):  
304-267-3367**

**Information Returns FAX Machine:**

**304-264-5602**

**Electronic Filing:**

**(IRP-BBS)  
(Asynchronous)  
304-264-7070**

**Mainframe Filing  
(Bisynchronous Filing)  
4.8 Modems 304-264-7080  
9.6 Modems 304-264-7040  
14.4 Modems 304-264-7045**

**HOURS OF OPERATION —  
24 HOURS A DAY  
7 DAYS A WEEK**

**This is the end of Publication 1220 for Tax Year 1997.**

**I R B**  
Box \_\_\_\_\_ of \_\_\_\_\_

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
P O Box 1359  
Martinsburg WV 25402

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
Route 9 and Needy Road  
Martinsburg WV 25401

*(use this label for U S Postal deliveries)*

*(use this label for truck or air freight deliveries)*

*(Reproduce as needed)*

To expedite handling, please affix this label, or a substitute label, to your **OUTSIDE** shipping container.

## Part IV. Items of General Interest

### New Revision of Publication 939, General Rule for Pensions and Annuities

#### Announcement 97-73

A new June 1997 revision of Publication 939 will soon be available from the Internal Revenue Service. It replaces the prior January 1990 revision (as reprinted in March 1997).

This publication is primarily for taxpayers who receive pension and annuity payments from nonqualified plans. It con-

tains actuarial tables that taxpayers must use to apply the General Rule.

Previously, the information in this publication could be used by taxpayers with qualified plans who chose to use the General Rule to determine the tax treatment of pension and annuity income. New law now provides that, in general, taxpayers whose annuity starting date begins after November 18, 1996, may no longer use the General Rule. Instead, they must use the Simplified Method.

As a result, many taxpayers will no

longer need the information in this publication. The Simplified Method is explained in Publication 575.

You can get a copy of this publication by calling 1-800-TAX-FORM (1-800-829-3676). You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address. The publication will also be available on the IRS Internet Web Site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

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# Announcement of the Expedited Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under 31 Code of Federal Regulations, section 10.76, the Director of Practice is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years, from the date the expedited proceeding is instituted, (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause; or (2) has been convicted of any crime under title 26 of the United States Code or, of a felony under title 18 of the United States Code involving dishonesty or breach of trust.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are

prohibited in any Internal Revenue Service matter from directly or indirectly employing, accepting assistance from, being employed by, or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under expedited suspensions from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public accountant, en-

rolled agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions of the applicable regulations:

Name	Address	Designation	Date of Suspension
Newman, Harry J.	Covington, VA	CPA	Indefinite from May 16, 1997
Sehnert, Fred	Dallas, TX	CPA	Indefinite from May 16, 1997
Gaskins, John D.	Valdosta, GA	CPA	Indefinite from May 16, 1997
Turner, Charles L.	Goshen, KY	Attorney	Indefinite from May 16, 1997
Thornton Jr., Kenneth W.	Murrells Inlet, SC	Attorney	Indefinite from May 16, 1997
Kellogg, Richard	White Hall, AR	CPA	Indefinite from May 16, 1997
Stec, Albert J.	Schereville, IN	CPA	Indefinite from May 16, 1997
Huff Jr., James G.	Raleigh, NC	CPA	Indefinite from May 16, 1997
Seall, William	Dayton, OH	Attorney	Indefinite from May 16, 1997
Brunner, L. Keith	Centerville, OH	Attorney	Indefinite from May 16, 1997
Bart, David R.	Oakwood, OH	Attorney	Indefinite from May 16, 1997
Shafer, David A.	Franklin, OH	CPA	Indefinite from May 16, 1997
Schouman, James	Milford, MI	Attorney	Indefinite from May 16, 1997
Jones, Milo A.	Greensboro, NC	CPA	Indefinite from May 16, 1997
Dolan, Gary L.	Lincoln, NE	Attorney	Indefinite from May 16, 1997
Coorey, Edward T.	Hampton, NH	Enrolled Agent	Indefinite from May 16, 1997
Sheehan, Thomas J.	Maggie Valley, NC	CPA	Indefinite from May 16, 1997
Millonig, Arthur F.	Dayton, OH	Attorney	Indefinite from May 16, 1997
McHaffie, Richard T.	St. Paul, MN	Attorney	Indefinite from June 4, 1997
Rigler, Michael	Gainesville, TX	CPA	Indefinite from June 4, 1997
Hopkins, Diane E.	St. Paul, MN	Attorney	Indefinite from June 4, 1997
Adae, F. Brian	Barrington, RI	Attorney	Indefinite from June 4, 1997

# Announcement of the Consent Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under 31 Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent or enrolled actuary, in order to avoid the institution or conclusion of a proceeding for his disbarment or suspension from practice before the Internal Revenue Service, may offer his consent to suspension from such practice. The Director of Practice, in his discretion, may suspend an attorney, certified public accountant, enrolled agent, or enrolled actuary in accordance with the consent offered.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are prohibited in any Internal Revenue Ser-

vice matter from directly or indirectly employing, accepting assistance from, being employed by or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under consent suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public ac-

countant, enrolled agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under consent suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Date of Suspension
Padgett, John	Orleans, MA	Attorney	May 22, 1997 to October 21, 1998
Crisp, Jerry W.	Dallas, TX	CPA	June 1, 1997 to May 31, 2000
Kessel, Donald K.	Export, PA	CPA	June 1, 1997 to November 30, 1998
Klimchak, Joseph	Aliquippa, PA	CPA	June 1, 1997 to February 28, 1998
Steele, Lewis M.	Pittsburgh, PA	CPA	June 1, 1997 to May 31, 1998
Castleberry, Gene A.	Oklahoma City, OK	Attorney	June 4, 1997 to August 3, 1997
O'Connor, Paul J.	Hanover, MA	CPA	June 6, 1997 to June 5, 2000
Olshan, Robert M.	Washington, DC	CPA	June 10, 1997 to December 9, 1998
Johnson, Kirk L.	Ann Arbor, MI	CPA	July 1, 1997 to June 30, 1999
Mattutat, Stephen	Elicott City, MD	CPA	July 1, 1997 to March 31, 1998
Trenary, Lloyd R.	Oklahoma City, OK	CPA	August 1, 1997 to March 31, 1998
Ritchey Jr., Ferris	Birmingham, AL	Attorney	August 1, 1997 to July 31, 2000
Gold, Howard G.	Hamden, CT	CPA	August 1, 1997 to July 31, 1999
Womack, Kathleen	Hammond, LA	CPA	August 1, 1997 to July 31, 1999

## 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 ap-

plies 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 Contribution 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.

# Numerical Finding List<sup>1</sup>

Bulletins 1997–27 through 1997–29

## **Announcements:**

97–61, 1997–29 I.R.B. 13  
97–67, 1997–27 I.R.B. 37  
97–68, 1997–28 I.R.B. 13  
97–69, 1997–28 I.R.B. 13  
97–70, 1997–29 I.R.B. 14  
97–71, 1997–29 I.R.B. 15  
97–72, 1997–29 I.R.B. 15

## **Delegation Orders:**

172 (Rev. 5), 1997–28 I.R.B. 6

## **Notices:**

97–37, 1997–27 I.R.B. 4  
97–38, 1997–27 I.R.B. 8  
97–39, 1997–27 I.R.B. 8  
97–40, 1997–28 I.R.B. 6  
97–41, 1997–28 I.R.B. 6  
97–42, 1997–29 I.R.B. 12

## **Railroad Retirement Quarterly Rate:**

1997–28 I.R.B. 5

## **Proposed Regulations:**

REG-104893–97, 1997–29 I.R.B. 13

## **Revenue Procedures:**

97–27, 1997–27 I.R.B. 9

## **Revenue Rulings:**

97–27, 1997–27 I.R.B. 4  
97–28, 1997–28 I.R.B. 4  
97–29, 1997–28 I.R.B. 4

## **Treasury Decisions:**

8722, 1997–29 I.R.B. 4

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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 1997–1 through 1997–26 will be found in Internal Revenue Bulletin 1997–27, dated July 7, 1997.

## Finding List of Current Action on Previously Published Items<sup>1</sup>

Bulletins 1997-27 through 1997-29

\*Denotes entry since last publication

### **Revenue Procedures:**

**96-42**

Superseded by

97-27, 1997-27 I.R.B. 9

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<sup>1</sup> A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1997-1 through 1997-26 will be found in Internal Revenue Bulletin 1997-27, dated July 7, 1997.

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