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Revenue Procedure 2001-26

Specifications For Private Printing of Substitute Forms W-2 and W-3



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General Rules and Specifications for Private Printing of Substitute Forms W-2 and W-3; Correction

Announcement 2001-59

The document contains corrections to Rev. Proc. 2001-26 (2001-17 I.R. B. 1093).

Need for Correction

As published, Rev. Proc. 2001-26 contains the following errors that may prove to be misleading and

are in need of clarification.

1. On page 1096, PART A, SEC4, paragraph #.08; the language "If employers submit MMREF-1 file on magnetic tape cartridge, a Form 6559 is required." Is corrected to read: "If employers submit MMREF-1 file on magnetic tape or tape cartridge, a Form 6559 is required.

2. On page 1100, PART B, Sec. 2, Paragraph #.05, #4; the language "Also, if an employer will only be reporting amounts

for a 401(k) plan in box 13, those instructions may be modified to cover only Code D and its instruction.: Is corrected to read: "Also, if an employer will only be reporting amounts for a 401(k) plan in box 12, those instructions may be modified to cover only Code D and its instructions."

Publication 1141 (04/2001)
General Rules and Specifications for Private Printing of Substitute Forms W-2 and W-3

26 CFR 601.602: Tax forms and instructions. (Also Part I, sections 6041, 6051, 6071, 6081, 6091; 1.6041-1, 1.6041-2, 31.6051-1, 31.6051-2, 31.6071(a)-1, 31.6081(a)-1, 31.6091-1.)

Rev. Proc. 2001-26

PART A. GENERAL

SECTION 1. PURPOSE

.01 The purpose of this revenue procedure is to provide the general rules for filing and to state the requirements of the Internal Revenue Service (IRS) and the Social Security Administration (SSA) for reproducing paper substitutes for Form W-2, *Wage and Tax Statement*, and Form W-3, *Transmittal of Wage and Tax Statements*, for amounts paid during the **2001** calendar year. The information reported on Forms W-2 and W-3 is required to establish tax liability for employees

and their eligibility for Social Security and Medicare benefits.

.02 Forms W-2 and W-3 have significant changes for year **2001**. Please see “Nature of Changes” (Section 2 below) and the exhibits at the end of this revenue procedure for changes to Forms W-2 and W-3.

.03 For the purpose of this revenue procedure, a substitute form is one that is not printed by the IRS. **A substitute Form W-2 or W-3 MUST conform to the specifications in this revenue procedure to be acceptable to the IRS and the SSA.** No IRS office is authorized to allow deviations from this revenue procedure. Preparers should also refer to the separate, 2001 Instructions for Forms W-2 and W-3, for details on how to complete these forms. See Part C, Sec. 4.01 for information on obtaining the official IRS forms and instructions. See Part B, Sec. 2, for requirements for substitute forms furnished to employees.

.04 IRS maintains its centralized call site at Martinsburg Computing Center (IRS/MCC) to answer questions related to information returns (Forms W-2, W-3, 1099, etc.). The call site phone number is 304-263-8700 (**not a toll-free number**). The Telecommunication Device for the Deaf (TDD) number is 304-267-3367 (**not a toll-free number**). The hours of operation are Monday through Friday from 8:30 A.M. to 4:30 P.M. Eastern Time. You may also send questions to the Call Site via the Internet at mccirp@irs.gov.

.05 This revenue procedure supersedes Rev. Proc. 2000-23, 2000-21 I.R.B. 1018, dated May 22, 2000. (Reprinted as Publication 1141).

SEC. 2. NATURE OF CHANGES

.01 Increased width of Form W-2 from 6.5 inches to 8.0 inches (exclusive of left and right margin measurements) (printed on standard size paper 8.5 by 11 inches) to accommodate widened boxes, specifically state/local wage and tax information.

.02 Added four (4) corner **black** register marks, and **red** dropout ink shading, and **red** dropout ink dollar signs to Copy A of Form W-2 (excluding Copies B, C, D, 1, and 2) for SSA processing.

.03 Reformatted Box e (Employee’s name) of Form W-2. The red vertical line

shown on Copy A is not included on Copies B, C, D, 1, and 2 thereby providing for greater flexibility in reporting employees’ names.

.04 Deleted former Box 12 of Form W-2 (Benefits included in box 1). Reformatted new Box 12 as Boxes 12a, 12b, 12c, and 12d for enhanced scanning of four entries for SSA processing. Added new Code “V” Employee Stock Option.

.05 Changed 4 year-digit designation (i.e., #2000) to 2 year-digit designation (i.e., #00) for reporting prior year data on Forms W-2 (Box 12) regarding the Uniformed Services Employment and Reemployment Rights Act of 1994.

.06 Changed relative positions of Boxes 13 and 14 of Form W-2.

.07 Moved checkboxes from Box 15 of Forms W-2 to Box 13. Changed one checkbox title from “Pension plan” to “Retirement plan”, added a “Third-party sick pay” checkbox; and deleted “Deceased, Legal rep., and Deferred compensation” checkboxes.

.08 Renumbered Form W-2 Boxes 16-18 as 15-17. Renumbered Boxes 19-21 as 20, 18, and 19.

.09 Specified 12-Point Courier font is preferred for all data entries on Form W-2.

.10 Increased the width size of Form W-3 from 6.5 inches to 8.0 inches (exclusive of left and right margin measurements) to accommodate widened boxes specifically state/local wage and tax information. The document/forms will be printed on standard 8 1/2 x 11 inches paper.

.11 Added four (4) corner register marks, shading, and dollar signs to Form W-3 for SSA processing.

.12 Added “Third-party sick pay” checkbox to Box b of Form W-3 and labeled Box 13 as “For third party sick pay use only”.

.13 Renumbered Box 15 of Form W-3 as Box 14.

.14 Created Boxes 15 - 19 of Form W-3 for reporting of state/local wages and income tax information.

.15 Widened Form W-3 box sizes for “Contact person,” “Telephone number,” “E-mail address,” and “Fax number”.

.16 Specified 12-Point Courier font size is preferred for all data entries to Form W-3.

.17 Added new laser print formats, specifications, and dimensions (Exhibits

G and H) black/white versions of the official Forms W-2 and W-3.

.18 Added new Section 1.B within Part B providing requirements and specifications for new laser printed black/white Forms W-2 and W-3.

.19 An Electronic Filing (E-File) logo has been added to copies B and C. The E-File logo is **not** required on any Substitute Forms W-2 copies.

.20 Other editorial section title changes distinguishing between the standard red/white Copy (A) and the alternative black/white laser printed Copy (A) characteristics, requirements, and formats.

SEC. 3. GENERAL RULES FOR FILING PAPER FORMS W-2

.01 Employers **must** use magnetic or electronic media for filing with the SSA if they file 250 or more Year 2001 Forms W-2 (Copy A). This requirement applies unless:

1. The employer can establish that filing on magnetic media or electronically will result in undue hardship, **AND**

2. The employer is granted a waiver of the requirement by the IRS.

To request a waiver of the magnetic media or electronic filing requirement, for the current tax year only, send Form 8508, *Request for Waiver From Filing Information Returns on Magnetic Media*, to:

IRS - Martinsburg Computing Center
Information Reporting Program
ATTN: Extension of Time Coordinator
240 Murall Drive
Kearneysville, WV 25430.

Martinsburg Computing Center
(304) 263-8700 Call Site

Form 8508 may be obtained electronically on the IRS Web Site at <http://www.irs.gov> or by calling 1-800-829-3676. It is recommended that completed requests for waivers (Form 8508) be submitted at least 45 days before, but no later than the due date, of the return (see Sec. 3.07, below). The requester will receive an approval or denial letter from IRS/MCC, but must allow a minimum of **30** days for IRS/MCC to respond. If you have any questions concerning Form 8508, contact IRS/MCC at the address or phone number shown above. **Employers who do not comply with the magnetic media or electronic filing re-**

requirements for Form W-2 and who are not granted a waiver may be subject to penalties. Since many state and local governments accept Form W-2 data on magnetic media or electronically, savings may be obtained if magnetic media or electronic data is used for filing with both the SSA and state or local governments. In many instances, the state or local government is willing to accept the data format specifications set out in the SSA's publication "Magnetic Media Reporting and Electronic Filing (MMREF-1)". You **must** contact each individual state or local taxing agency to receive approval and make arrangements to file electronically or on magnetic media.

EMPLOYERS WHO FILE FORM W-2 INFORMATION ON MAGNETIC MEDIA OR ELECTRONICALLY (USING MMREF-1 INSTRUCTIONS) WITH THE SSA MUST NOT SEND THE SAME DATA TO THE SSA ON PAPER FORMS W-2. This would result in duplicate reporting and may subject the filer to unnecessary contacts by the SSA or IRS.

.02 MMREF-1, *Magnetic Media Reporting and Electronic Filing* (SSA Pub. No. ICN, revised, 2001) contains specifications and procedures for filing Form W-2 information electronically or on magnetic media with the SSA. The MMREF-1 format is mandatory beginning with TY 2001 wage reports regardless of the media utilized including magnetic tape, tape cartridge, diskette, or electronic.

.03 MMREF-1 may be obtained by writing to:

Social Security Administration
OCO, DES
Attn: Employer Reporting
Services Center
300 North Greene Street
Baltimore, MD 21290-0300.

Employers may also call their local SSA Employer Service Liaison Officer (ESLO) to obtain the MMREF-1 (see list of Employer Service Liaison Officers' telephone numbers at the end of this document). The MMREF-1 is also available on the SSA Online Wage Reporting Service (OWRS) dial up or via the SSA Web Site <http://www.ssa.gov/employer>. The number for the OWRS dial up is (410) 966-4105 (**not a toll-free number**). Em-

ployers using magnetic or electronic media are cautioned to obtain the most recent revision of the MMREF-1 *and supplements* due to possible changes in the specifications and procedures.

.04 Employers not filing on magnetic media or electronically **must** file a paper Copy A of Form W-2 with the SSA using either the IRS printed official form or a privately printed substitute paper form that exactly meets the specifications shown in Parts B and C of this revenue procedure.

.05 Employers may design their own statements to give to employees. This applies to employers who file with the SSA on magnetic media, electronically, or on paper. Employee statements designed by employers **must** comply with the requirements shown in Parts B and C, below.

.06 Employers who terminate their business must provide their employees with Form W-2 on or before the due date of their final Form 941. Employers must also file Forms W-2 and W-3 with the SSA by the last day of the month that follows the due date of their final Form 941. See Rev. Proc. 96-57, 1996-2 C.B. 389, for information on automatic extensions.

Note: Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are provided to employees and filed correctly with the SSA on time.

.07 Forms W-2 for **2001**, filed on paper or magnetic media must be filed with the SSA on or before **February 28, 2002**. Employers who file electronic Forms W-2 for **2001 must file them on or before April 1, 2002**. Copies B, C, 1, and 2 must be furnished to the employee by **January 31, 2002**. If employment ended before December 31, 2001, the employee may be furnished his/her copy any time after employment ends, but no **later than January 31, 2002**. However, if the employee requests Form W-2, you **must** furnish him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. This requirement is met if the form is properly addressed, mailed, and postmarked on or before the due date. Failure to timely file with the SSA or to

timely provide the employee copies may subject the employer to penalties. Employers needing additional time to file Form W-2 (paper, magnetic media, or electronic) with the SSA may request an extension of time to file by submitting Form 8809, *Request for Extension of Time to File Information Returns*, to the IRS/MCC "ATTN: Extension of Time Coordination" at the address listed in Sec. 3.01, *above*. The extension request should be filed as early as possible, but **must** be postmarked (for paper or magnetic media) no later than the due date of the forms (**February 28, 2002**). Extensions for electronically filed Forms W-2 **must** be postmarked no later than **April 1, 2002. DO NOT SEND FORM 8809 TO THE SSA.**

NOTE: APPROVAL OF THE EXTENSION IS NOT AUTOMATIC. Approval or denial is based on administrative criteria and guidelines. The requestor will receive an approval or denial letter from the IRS and **must** allow a minimum of 30 days from the date of the request for the IRS to respond. You do not have to wait for a response before filing your return. File your return as soon as it is ready. If you have received a response, positive or negative, **do not** send a copy of the letter or Form 8809 with your return. Form 8809 may be obtained on the IRS Web Site at <http://www.irs.gov> or by using the IRS Fax Forms Program at 703-368-9694, or by calling 1-800-829-3676.

.08 When requesting extensions of time for more than 10 employers, the IRS encourages filers to submit the request on tape, tape cartridge (4mm, 8mm, or Quarter Inch Cartridge), 3-1/2 inch diskette, or electronically. **Transmitters requesting an extension of time to file for more than 50 employers are required to file the extension request on magnetic media or electronically.** Transmitters who submit requests for multiple employers will receive one approval letter with an attached list of employers covered under that approval. Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498, and W-2G Magnetically or Electronically*, provides information on how to file requests for extensions of time on tape, tape cartridge (4mm, 8mm, or Quarter Inch Cartridge), 3 -1/2 inch diskette, or electronically.

NOTE: To file a request for extension of time magnetically or electronically for multiple payers, third party filers/transmitters must have an IRS Transmitter Control Code (TCC) (authorization to file information returns).

SEC. 4. GENERAL RULES FOR FILING FORM W-3 (Standard Red Ink Format)

.01 Employers submitting Form(s) W-2 (Copy A) to the SSA on *paper* must also file a Form W-3.

.02 Form W-3 must be the same width (8.0 inches) as the Form(s) W-2. The Form W-3 is printed on standard size paper 8.5 by 11 inches.

.03 Form W-3 now contains “four corner **black** register marks,” and **red** dropout ink shading, and **red** dropout ink dollar signs for all money boxes.

.04 Form W-3 has a new checkbox “Third-party sick pay” within Box b (Kind of Payer). Also a new Box 13 “For third-party sick pay use only” has been added.

.05 Box 14 has been opened/unzipped to include “Income tax withheld by payer of third-party sick pay” which was formerly box 15. The new Box 15 becomes “State and Employer’s state ID number”. The new boxes 15, 16, 17, 18, and 19 will now report state/local wage and income tax information.

.06 Also the “Contact person”, “Telephone number”, “E-mail address”, and “Fax number” information boxes at the bottom have been expanded.

.07 Separate instructions for the Form W-3 are provided in the **Instructions for 2001 Forms W-2 and W-3**. Form W-3 is a single sheet including only essential filing information. **Be sure to make a copy of Form W-3 for your records.**

.08 Form W-3 should be used only to transmit paper Forms W-2 (Copy A). **Magnetic media or electronic filers do not file Form W-3.** Employers submitting Form(s) W-2 data via magnetic media must transmit Form(s) W-2 data with **Form 6559, Transmitter Report and Summary of Magnetic Media, and Form 6559-A, Continuation Sheet for Form 6559, if necessary.** Employers submitting Form(s) W-2 data electronically using the MMREF-1 via OWRS, Electronic Data Transfer (EDT), or diskette need not submit a Form 6559. However, employers **must** have com-

pleted a PIN registration process that replaces the signature on Form 6559. If employers submit wage reports/Form(s) W-2 data in the MMREF-1 file using OWRS, EDT, or diskette, a Form 6559 will not be required upon completion of the PIN registration process. If employers submit MMREF-1 file on magnetic tape cartridge, a Form 6559 is required. Please refer to the latest edition of MMREF-1 for further information.

PART B. REQUIREMENTS FOR FILING PAPER SUBSTITUTES WITH THE SOCIAL SECURITY ADMINISTRATION (SSA)

SEC. 1.A. REQUIREMENTS FOR SUBSTITUTE “PRIVATELY PRINTED” FORMS SUBMITTED TO THE SSA (FORM W-2 (COPY A), AND FORM W-3 STANDARD RED INK FORMAT)

.01 Employers may file privately printed substitute Forms W-2 and W-3 with the SSA. The substitute form **must** be an exact replica of the IRS printed form with respect to layout and contents because it will be read by scanner equipment. The Government Printing Office (GPO) symbol **must** be deleted (see Sec. 1.16, below). The specifications and allowable tolerances for Copy A of substitute Forms W-2 are provided later in this revenue procedure. See Exhibit A for the Form W-2 specifications. The specifications for Forms W-3 are provided in Exhibit B.

.02 Paper used for substitute Forms W-2, Copy A, and Form W-3 (cut sheets and continuous pinfeed forms) that are to be filed with the SSA must be white 100% bleached chemical wood, **18-20 pound paper only**, optical character recognition (OCR) bond produced in accordance with the specifications shown as follows:

Paper Requirements

- 1 Acidity: pH value, average, not less than4.5
- 2 Basis Weight 17 x 22 inch 500 cut sheets, pound, 18-20 Metric equivalent grams per. sq. meter68-75 A tolerance of +5 pct. is allowed.
- 3 Stiffness: Average, each direction, not less than Gurley milligrams — Cross direction50 Machine direction80

- 4 Tearing Strength: Average, each direction, not less than— Grams40
- 5 Opacity: Average, not less than — Percent82
- 6 Reflectivity: Average not less than — percent68
- 7 Thickness: Average. Inch 0.0038 Metric equivalent.mm 0.097 A tolerance of +0.0005 inch (0.0127mm) is allowed. Paper can not vary more than 0.0004 inch (0.012mm) from one edge to the other.
- 8 Porosity: Average, not less than — seconds10
- 9 Finish (smoothness): Average, each side — seconds20-55 (For information only), the Sheffield equivalent unit170-d200
- 10 Dirt: Average, each side, not to exceed —Parts per million8

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

.03 All printing of Copy A of Forms W-2 and Form W-3 **must** be in Red OCR drop-out Flint Ink, **except** as specified below.

The following **must** be printed in non-reflective black ink:

- 1. **Identifying control number “22222” (Exhibit C) at the top of Form W-2.**
- 2. **Tax year at the bottom of the Form W-2 (see Exhibit C).**
- 3. **The four (4) corner register marks on Form W-2 (Exhibit A).**
- 4. **Identifying control number “33333” (Exhibit D) at the top of Form W-3.**
- 5. **Tax year at the bottom of Form W-3 (Exhibit D).**
- 6. **Form identification “W-3” at the bottom of Form W-3 (Exhibit D).**
- 7. **The four (4) corner register marks on Form W-3 (Exhibit B).**
- 8. **The Jurat and “Signature, Title, Date” line at middle of Form W-3 (Exhibit B).**
- 9. **All instructions beginning with the “Send this entire page....” Line to the bottom of Form W-3 (Exhibit B).**

As in the past, Forms W-2 (Copy A) and Form W-3 may be generated by use of a laser printer following all the guidelines and specifications per Exhibit A. The printing of the data should be centered. All other printing on Forms W-2, Copy A, and W-3 **must** be in **Red** OCR drop-out Flint Ink J-6983 (formerly Sinclair and Valentine) or an exact match. This is the same ink that is used for Copy A of the Form 1099 series (see Pub. 1179), Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G. The use of this ink is required for **2001** Forms W-3 and W-2 (Copy A).

.04 Type **must** be substantially identical in size and shape with corresponding type on the official form. The form identifying number **must** be printed in non-reflective black ink using an OCR-A font; **10** characters per inch.

1. On Form W-3 and Copy A of Forms W-2, all the perimeter rules **must** be 1-point (0.014 inch), while all other rules must be one-half point (0.007 inch).
2. Vertical rules **must** be parallel to the left edge of the form; horizontal rules parallel to the top edge.

.05 Two official Forms W-2 (Copy A) or one official Form W-3 are contained on a single page that is 8.5 inches wide (exclusive of any snap-stubs) by 11 inches deep. The official Form W-2 is 8.0 inches in width printed on single sheet 8.5 inches in width. The form identifying control number for the official forms (8.0 inches wide) is "22222" (5 digits) for Form W-2 and "33333" (5 digits) for Form W-3. The top margin for the **2001** Forms W-3 and W-2 Copy A is .375 inch (3/8 inch). The right margin **must** be .2-inch and the left margin .3-inch (plus or minus .0313 inch). The margins have **changed** from Tax Year 2000. Margins **must** be free of all printing. **No printing should appear anywhere near the Form ID control number (33333 or 22222).** For Forms W-2, Copy A, the combination width of **Box a**, "Control number," and the box containing the form identifying number (22222) **must** always be 2.54 inches. For Form W-3, the combined width of these boxes **must** always be 2.54 inches.

NOTE: All form identifying numbers **must** be printed in non-reflective black ink, using OCR-A font, printed **10** characters per inch.

.06 The depth of the individual scannable image on a page **must** be the same as that on the IRS printed forms. For Form W-2, the depth of one individual form is 4.92 inches (see Exhibit A). The scannable image depth of the Form W-3 on a page **must** be 4.8 inches (see Exhibit B).

.07 The words "Do Not Cut, Fold, or Staple Forms on This Page" **must** be printed **twice** in Red OCR drop-out Flint Ink between the two Forms W-2 on Copy A only (see Exhibit A). **Perforations are required on all copies (except Copy A) to enable the separation of individual forms. Continuous pinfeed Copy A forms must be separated at the page perforation into individual 11 inch deep pages before submission to the SSA. The pinfeed strips must also be removed. However, the two Forms W-2 documents contained on the 11 inch deep page must not be separated.**

.08 Box 12 of Copy A, Form W-2, has been broken down into four entry boxes 12a, 12b, 12c, and 12d. Do not make more than one entry per box. **If more than four items** need to be reported in **box 12**, use a separate Form W-2 to report the additional items (see "**Multiple forms**" in the **2001 Instructions for Forms W-2 and W-3**). Do not report the same Federal tax data to the SSA on more than one Copy A, Form W-2.

.09 The words "**For Privacy Act and Paperwork Reduction Act Notice, see separate instructions,**" **must** be printed in Red OCR drop-out Flint Ink on Forms W-2, Copy A (see Exhibit A for format and location). **The 2001 Instructions for Forms W-2 and W-3 contain the Privacy Act Notification previously shown on the Form W-3.**

.10 The Office of Management and Budget (OMB) Number **must** be printed on *each* ply of Forms W-2 and on W-3 (see Exhibits A and B for format and location).

.11 The instructions on the official Form W-3, **must** be printed in their entirety on all substitute Forms W-3 (see Exhibit B).

Note: Household employers, even those with only one household employee, must file a Form W-3 with Form W-2. On Form W-3 mark the "Hshld Emp." box in Box b.

.12 *Privately printed continuous substitute Form W-2, Copy A, must be perforated at each 11 inch page depth. No perforations are allowed between the individual forms (5-1/2 inch Forms W-2) on a single copy page of Copy A. Continuous pinfeed Copy A forms must be separated at the page perforation prior to submitting them to the SSA. Two Copy A forms are contained on each page. The two copies must remain together on one page. Only the pages are to be separated (burst). Perforations are required between all the other individual copies on a page (Copies B, C, D, 1, and 2) included in the set.*

rated at each 11 inch page depth. No perforations are allowed between the individual forms (5-1/2 inch Forms W-2) on a single copy page of Copy A. Continuous pinfeed Copy A forms must be separated at the page perforation prior to submitting them to the SSA. Two Copy A forms are contained on each page. The two copies must remain together on one page. Only the pages are to be separated (burst). Perforations are required between all the other individual copies on a page (Copies B, C, D, 1, and 2) included in the set.

.13 The back of substitute Form W-2, Copy A, and Form W-3 **must** be free of all printing.

.14 Spot carbons are *NOT permitted* for Copy A of Forms W-2. Interleaved carbon should be black and **must** be of good quality to assure legibility of information on all copies and to preclude smudging.

.15 Chemical transfer paper is permitted for Form W-2, Copy A, only if the following standards are met:

1. Only *chemically backed* paper is acceptable for Copy A.
2. Chemically transferred images must be black in color.
3. Carbon-coated forms *are not* permitted. Front and back chemically treated paper cannot be processed properly by scanning equipment.

In general, the use of black ink for data submitted on Forms W-2 and W-3 provides better readability for processing by the scanning equipment. Colors other than black are not easily read by the scanner and/or may result in delays/errors in the processing of Forms W-2 and W-3. "Spot carbons" are NOT permitted.

.16 The GPO symbol must not be placed on substitute Copy A of Forms W-2.

.17 The Catalog Numbers, shown on the 2001 Forms W-2 as "Cat. No. **10134D**," and Form W-3 as "Cat. No. **10159Y**," are used for IRS distribution purposes and should **not** be printed on substitute forms.

.18 Form W-3, box 13 is now labeled as "For third-party sick pay use only" for quick identification.

SEC. 1.B. REQUIREMENTS FOR 8-1/2 INCH "LASER PRINTED BLACK AND WHITE FORMS" FOR SUBMISSION TO THE SSA (FORMS W-2 COPY A AND W-3).

.01 Specifications for the laser printed black and white forms are the same as the red and white forms with the exception of the following items and the actual form dimensions as shown in the Exhibits G and H respectively.

1. Forms are printed on 8.5 by 11-inches single/page sheet paper not continuous feed. There must not be any horizontal perforations between the two copies.
2. All forms and data print must be in non-reflective black ink.
3. The forms must not contain any corner register marks.
4. The forms must not contain any shaded areas including entirely shaded boxes.
5. It is preferred that the preprinted Form ID Numbers on both the Form W-2 (22222) and the Form W-3 (33333) be printed in 12-point (10 characters per inch) Courier font.
6. The form numbers "W-2" and "W-3" preceding the form title and the tax year at the bottom of the form font size must be 14-point Courier bold print (**W-2 W-3 2001**).
7. No part of the box titles or the data printed on the forms may touch any of the vertical or horizontal lines, nor should any of the data intermingle with the box titles.
8. The word "Code" must not appear in box 12 on the W-2.
9. A four (4) digit vendor code must appear under the tax year and above the catalogue number on the Form W-2 (see Exhibit G) and on the Form W-3 at the bottom of "For Official Use Only" box (see Exhibit H). The catalogue number below the tax year on Form W-2 is not required to be printed.
10. Do not print the check boxes on the Forms W-3 Kind of Payer (box b), W-2 Box 13, or the Void box. The Forms W-3, Kind of Payer, designation "X" should be placed directly below the applicable title and centered as best possible. Box 13 instructions should say place an "X" below the applicable title. The Form W-2 Void Box designation "X" must be positioned to the right of the title be-

cause of the limited space underneath the title.

11. Do not print dollar signs in any of the money amounts.
12. See Exhibits G and H for specific dimensions and box size specifications.
13. Exhibits are for sample only and must not be downloaded to meet tax obligations.
14. **You must submit samples of your laser printed forms to the SSA for approval. Send one set of blank laser printed Forms W-3 and W-2, and one set of dummy data laser printed Forms W-3 and W-2. Sample data entries should be filled in to the maximum length for each box entry using numeric data or alpha data depending upon the type of the data being entered. Include in your submission the name and telephone number of a contact person who can answer questions regarding your sample forms. The four-position vendor code must appear on the sample forms. You can expect approval or disapproval within 30 days of receipt of sample.**
15. **You may send your laser printed sample forms to:**
Social Security Administration
Data Operations Center
ATTN: Program Analyst Office
Room 449
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997.
16. **Send your sample forms to the above address via private mail carrier or certified mail in order to be able to verify receipt of your sample forms.**
17. Forms W-2 and W-3 are not required to display the form producer's EIN to the left of the "Department of the Treasury" statement. **The vendor code will be used to identify the forms producer.** The data and forms must be produced simultaneously. Forms can not be produced separately from wage data entries.
18. Vendor code must be present on all laser printed (black/white) forms to identify the company

producing the forms. If you do not have a vendor code, you may contact the National Association of Computerized Tax Processors at 816-504-1188 or via EMail address at MNolan@hrblock.com. "Forms not containing a vendor code will be rejected". Sample forms without a vendor code will not be submitted for testing or approval.

SEC. 2. REQUIREMENTS FOR SUBSTITUTE FORMS FURNISHED TO EMPLOYEES (COPIES B, C, AND 2 OF FORMS W-2)

.01 All employers (including those who file on magnetic media or electronically) must furnish employees with at least two copies of the Forms W-2 (three or more for employees required to file a state, city, or local income tax return). The dimensions of these copies (Copies B, C, and 2), but not Copy A, may be expanded from the dimensions of the official form to allow space for conveying additional information, including additional entries for Box 14, such as withholding from pay for health insurance, union dues, bonds, or charity. The limitation that a maximum of **four items** are permitted in Box 12 of Form W-2 applies **only** to the paper **Copy A** that is filed with the SSA. Also, on these copies (Copies B, C, and 2), the size of these boxes may be adjusted. (However, see the minimum sizes for certain boxes, below). This may permit the employer to eliminate other statements or notices that would otherwise be furnished to employees.

1. The **MAXIMUM** allowable dimensions for employee copies of Forms W-2 are:

- (a) Depth should be no more than 6.5 inches;
- (b) Width should be no more than 8.5 inches.

2. The **MINIMUM** allowable dimensions for employee copies of Forms W-2 are:

- (a) 2.67 inches deep by 4.25 inches wide;
- (b) Horizontal or vertical format is permitted.

NOTE: These maximum and minimum size specifications are for the Tax Year 2001 only and may change in future

years. The maximum width of 8.5 inches is for employee copies of Form W-2 only. The width of the paper Copy A, submitted to the SSA, is specified in Part B, Sec.1. A.05 above. Also, the electronic tax logo has been added to the employee copies; however, the logo is **not** required on any of the substitute forms copies.

.02 The paper for all copies **must** be white. The substitute Copy B (or its equal), which employees are instructed to attach to their Federal income tax return, must be at least 12 pound paper (basis 17 x 22-500), while the other copies furnished the employee must be at least 9 pound paper (basis 17 x 22-500).

.03 Interleaved carbon and chemical transfer paper for employee copies **must** meet the following standards:

1. All copies **must** be CLEARLY LEGIBLE,
2. All copies **must** have the capability to be photocopied, and
3. Fading **must not** be of such a degree as to preclude legibility and the ability to photocopy.

.04 The following requirements govern the private printing of employee copies of Forms W-2. All substitutes **must** be a form that contains boxes, box numbers, and box titles that, when applicable, match the IRS printed form. **The employee copy of Forms W-2 (Copy C) must contain the note "This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it."** The placement, numbering, and size of certain boxes (the "core" information) is specified as follows:

1. The items and box numbers that constitute the core data are:

- Box 1 - Wages, tips, other compensation,
- Box 2 - Federal income tax withheld,
- Box 3 - Social security wages,
- Box 4 - Social security tax withheld,
- Box 5 - Medicare wages and tips, and
- Box 6 - Medicare tax withheld.

NOTE: Railroad employees may not be subject to social security coverage but are subject to Railroad Retirement Tax Act (RRTA) Tier 1 and Tier 2 coverage. Railroad employers covered by RRTA Tier 1 and Tier 2 **must** report taxes withheld in box 14 of Form(s) W-2 and mark check-

box "CT-1" within **box b** of Form W-3.

The "core" boxes **must** be printed in the exact order shown on the IRS printed form (see the Exhibits at the end of this revenue procedure). Boxes 1 and 2 **must** be next to each other, with boxes 3 and 4 below on the next line, and boxes 5 and 6 on the line below boxes 3 and 4.

2. The block of core data (boxes 1 through 6) **must** be placed in the upper right of the form. Substitute employee copies of Form(s) W-2 that are printed using a vertical format with dimensions smaller than the IRS printed form may have the core data entirely on the top of the form (see Exhibit F). **In no instance** will boxes or other information be permitted to the right of the core data. Standard margins or a small amount of other blank space may appear to the top or right of this data.

The form title, number, or copy (Copy B, C, or 2) may be at the top of the form. Also, a reversed or blocked-out area to accommodate a postal permit number or other postal considerations is permitted at the upper right of the form.

3. Boxes 1 through 6 each **must** be a minimum of 1 3/8 inches wide and 1/4 inch deep.

4. Other required boxes:

- Employer identification number (EIN),
- Employer's name, address, and ZIP code,
- Employee's social security number, and
- Employee's name, address, and ZIP code.

These items are required to be present on the form and **must** be in boxes similar to those on the IRS printed form. However, they may be placed in any location, other than the top or upper right. The lettering system used on the IRS printed form ("a" through "f") **need not be used**. The employer identification number may be included in the box for the employer's name and address. If this is done, a separate box for the EIN is not required. The "Control number" box (box "a" on the IRS printed form) is not required.

5. The Tax Year (**2001**) **must** be clearly printed (**in non-reflective black ink**) on all copies of substitute Forms W-2. It is recommended (but not required) that this information be located to the right of the

form title on the lower left of the Form W-2. **The use of 24 pt. OCR-A font is recommended but not required.**

6. If applicable, box 7, "Social security tips", **must** be shown separately from "Social security wages." A separate box is not required unless social security tips are to be reported. Boxes 1 and 2 on Copy B are required to be outlined in bold 2-point rule (see Exhibit E) or highlighted in some manner to distinguish these boxes.

7. If box 9 for "Advance EIC" payment (Advance Earned Income Credit) is present, the box **must** be outlined in bold 2-point rule or highlighted in some manner to distinguish this box. However, if no amounts are paid for "Advance EIC", this box is not required and may be omitted by printers. Do not use box 9 for any other purpose than reporting Advance EIC payments.

8. If box 8 "Allocated tips" are being reported for an employee (or class of employees that are being provided Forms W-2), it is recommended (but not required) that this box also be outlined in bold 2-point rule or highlighted on Copy B. However, if allocated tips are not being reported, this box may be omitted by printers.

9. Employers who are required to withhold and report state income tax information are required to include the following boxes on substitute Forms W-2:

- Box 15 - State and Employer's state I.D. number.
- Box 16 - State wages, tips, etc.
- Box 17 - State income tax.

10. Employers who are required to withhold and report local income tax information are required to include the following boxes on substitute Forms W-2:

- Box 18 - Local wages, tips, etc.
- Box 19 - Local income tax.
- Box 20 - Locality name.

11. If state or local tax information is required, this information is also considered "core data." The state and local information **must** be placed at the bottom of the form. See the exhibits at the end of this revenue procedure.

12. Other boxes on the IRS printed form (boxes 7 through 14) need not appear on substitute Forms W-2 provided to employees **unless** an employer has that item of information to report to an employee. For example, if an employee did

not have Social security tips (box 7), Allocated tips (box 8), or Advance EIC payment (box 9), the form could be printed without those boxes. However, if the employer provided amounts for (box 10) Dependent care benefits, those amounts would be required to be reported separately and shown in a box labeled "Dependent care benefits" as on the IRS printed form and the exhibits in this revenue procedure.

13. Employers may provide multiple entries in box 12, but each entry **must** use the same code as assigned by the IRS for that type of item. (See the "Reference Guide for Box 12 Codes" in the 2001 Instructions for Forms W-2 and W-3.) For example, employers reporting elective deferrals to a section 401(k) plan **must** enter in box 12 "D" and not "A", even though it is the first or only item to go in this box. Use the codes shown with the dollar amount. **Employers may enter more than four codes in box 12 of Copies 1, 2, B, C, and D of Forms W-2.** Do not report in box 12 any items that are not listed as **Codes A-T or the new Code "V" in the 2001 Instructions for Forms W-2.**

14. For codes D, E, F, G, H, and S, if any elective deferrals, salary reduction amounts, or non-elective contributions to a section 457(b) plan during the year are make-up amounts under the **Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA)** for a prior year, you must enter the prior year contributions separately. You **must** enter the code, the year (**two positions only**), and the amount. For example, elective deferrals under USERRA to a section 401(k) plan are reported in box 12 as follows: D 00 2250.00, D 99 1250.00. The 2001 contribution does not require a year designation; enter it as D 7000.00.

15. If you are a military employer and provide your employee with basic housing, subsistence allowances, and combat zone compensation, report the amount in box 12, Form W-2, using code **Q**.

16. Employer contributions to an employee's Medical Savings Accounts (MSA), **must** be reported in box 12, Form W-2, using code **R**.

17. An employee elective contribution to a salary reduction SIMPLE retirement account **must** be included in box 12, Form W-2, using code **S**. However, if the amount is contributed to a SIMPLE retirement that

is part of a section 401(k) arrangement, that amount **must** be reported in box 12, Form W-2, using code **D**.

18. Amounts paid or expenses incurred on behalf of an employee for qualified adoption expenses **must** be reported in box 12, Form W-2, using code **T**.

19. Code **V** (optional) for 2001, shows the spread (i.e., fair market value of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee's exercise of non-statutory stock option(s). The spread is to be included in boxes 1, 3 (up to the social security wage base), 5, and 12.

20. Employers may use box 14 for any other information they wish to give their employee. Each item must be labeled. Examples are union dues, health insurance premiums deducted, nontaxable income, voluntary after-tax contributions, or educational assistance payments.

21. If you are reporting prior year contributions under USERRA (see item 14 above), you may report in box 14 makeup amounts for nonelective employer contributions, voluntary after-tax contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year.

22. If the employer has employees who are subject to any of the three categories/check boxes within box 13, the entire box 13 (ballot boxes) is required to be reported with the proper check mark designation. For example, if an employer provides a retirement plan, box 13 **must** be reported and check marked for retirement plan designation.

.05 Substitute forms for employees (Copies B, C, and 2 of Forms W-2) **must** also meet the following requirements:

1. All copies of Form W-2 **must** clearly show the form number, the form title, and the tax year prominently displayed together in one area of the form. The title of Form W-2 is "Wage and Tax Statement." It is recommended (but not required) that this be located on the bottom left of Form W-2. The reference to the "Department of the Treasury - Internal Revenue Service" **must** be on all copies of Form W-2 provided to the employee. It is recommended (but not required) that this be located on the bottom right of Form W-2.

2. If the substitute forms are *not la-*

beled as to the disposition of the copies, then written notification **must** be provided to each employee as specified below:

(a) The first copy of the form (Copy B) is filed with the employee's Federal tax return.

(b) The second copy of the form (Copy C) is for the employee's records.

(c) If applicable, the third copy (Copy 2) of the form is filed with the employee's state, city, or local income tax return.

3. If the substitute forms are *labeled*, the forms **must** contain the applicable description:

"Copy B, To Be Filed With Employee's FEDERAL Tax Return," and "Copy C, for EMPLOYEES RECORDS." It is recommended (but not required) that this be located on the lower left of Form W-2. "Copy 2, To Be Filed with Employee's State, City, or Local Income Tax Return".

4. Instructions similar to those contained on the back of Copies B and C of the official Form W-2 **must** be provided to each employee. Employers may modify or delete certain information in these instructions (such as modification for employees of railroads to cover Railroad Retirement Tier 1 and Tier 2 compensation and taxes). Employers are allowed to delete instructions that do not apply to the employee. For example, if none of the employees have dependent care benefits (box 10), the employer may delete the instructions for that item. Also, if an employer will only be reporting amounts for a 401(k) plan in box 13, those instructions may be modified to cover only Code D and its instructions.

5. Employers **must** notify employees who have no income tax withheld that they may be able to claim a tax refund because of the earned income credit (EIC). You will meet this notification requirement if you issue the official IRS Form W-2 with the EIC notice on the back of the Copy B, or a substitute Form W-2 with the same statement. You may also meet the requirement by providing a substitute Form W-2 without the EIC notification by including **Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC)**, or your own statement that contains the same wording. You may change the font on

