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# Specification for Filing Form 1098, 1099, 5498, and W-2G Magnetically or Electronically

including 1/2-inch magnetic tape, IBM 3480/3490, AS400 compatible tape cartridges, 8mm tape cartridges, 4mm and Quarter Inch Cartridges (QIC) or 3-1/2 inch diskettes

## Rev. Proc. 2000-25

Reprinted from IR Bulletin 2000-21 dated May 22, 2000 (and containing copies of Forms 4419, 4804, 4802, 8508, 8809, Notice 210, and instructions for Forms 1099, 1098, 5498, and W-2G for taxpayers' use.)

**Note:** For user convenience, the IRS Information Reporting Seminar schedule for 2000 is included and page numbers have been added to the Table of Contents.



Department of the Treasury  
**Internal Revenue Service**

[www.irs.gov](http://www.irs.gov)

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## IRS/SSA Information Reporting Program Seminars

### Announcement 2000-47

#### IRS and SSA Announce Year-End Training for Employers/Payers

To help employers and information return filers, (payers) with year-end wage/tax reporting, the Internal Revenue Service/Martinsburg Computing Center and the Social Security Administration have arranged the following training sessions on filing Forms 1042-S, 1099, W-2 and related issues.

#### IRS Nationwide Tax Forums

Six two-days Nationwide Tax Forums offer employers/payers detailed sessions on a wide variety of year-end wage and tax filing topics such as:

- New filer information
- Electronic filing
- Backup withholding and IRP penalties
- Form 1042-S
- Form W-2 filing

There is a nominal fee to attend a forum. For more information, contact the IRS/MCC Information Reporting Program (IRP) Call Site at 304-263-8700 between 8:30 a.m. and 4:30 p.m. Eastern time, Monday through Friday. The dates and locations are as follows:

<u>Location</u>	<u>Date</u>
Atlantic City, NJ	July 19-20
Chicago, IL	August 9-10
Las Vegas, NV	September 13-14
Miami, FL	July 26-27
New Orleans, LA	September 6-7
St. Louis, MO	August 16-17

#### IRS/SSA Information Reporting Program Seminars

Five IRP seminars for employers/payers will be offered in one-day sessions, free of charge. The content, condensed into one day, is similar to the Nationwide Tax Forums. Following is a schedule of seminar sites and dates, as well as telephone numbers of the Internal Revenue Service office closest to the sites. Please contact the appropriate office for the exact location and times.

<u>Location</u>	<u>Date</u>	<u>Phone</u>	<u>FAX</u>
Frederick, MD	July 11	410 962-2635	410 962-0823
Dallas, TX	August 25	214 767-3755	
Denver, CO	August 23	303 446-1661	303 446-1344
New York, NY	September 19	212 436-1523	212 436-1629
Seattle, WA	September 26	206 220-5803	206 220-5551

A representative of SSA will discuss magnetic media reporting and electronic filing specifications for Forms W-2/W-3. There may be an IRS District Office session at some sites in the afternoon.

Please contact the appropriate office for the exact location and times. **The agenda for the day has also been included for your convenience.**

<b>AGENDA</b>	
<i>MORNING SESSION</i>	<i>AFTERNOON SESSION</i>
9:00a	<b>IRS/MCC</b>
9:10a	1:00p New Filer/Problem Filer
	<b>IRS/MCC</b>
10:00a	2:00p Backup Withholding and Penalties
10:15a	<b>IRS/MCC</b>
	3:00p Form 1042-S
12:00p	IRS/District Office Presentation (This is optional and some districts may not plan a presentation.)

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## Rev. Proc. 2000-25

Use this Revenue Procedure to prepare Tax Year 2000 and prior year information returns for submission to Internal Revenue Service (IRS) using any of the following:

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

### Caution to filers:

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

**Beginning in calendar year 2002 for Tax Year 2001, IRS/MCC will no longer return problem media in need of replacement. See Part A, Sec. 2.03(a) for details.**

### Note:

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

- 2000 Instructions for Forms 1099, 1098, 5498, and W-2G
- Form 4419 - Application for Filing Information Return Magnetically/Electronically
- Form 4804 - Transmittal of Information Returns Reported Magnetically/Electronically
- Form 4802 - Transmittal of Information Returns Reported Magnetically/Electronically (Continuation of Form 4804)
- Form 8508 - Request for Waiver From Filing Information Returns on Magnetic Media (Form W-2, W-2G, 1042-S, 1098, 1099, 5498, and 8207)
- Form 8809 - Request for Extension of Time to File Information Returns (For Forms W-2, W-2G, 1042-S, 1098, 1099, 5498, and 8207)
- Notice 210 - Preparation Instructions for Media Labels

The Internal Revenue Service, Martinsburg Computing Center encourages filers to make copies of the blank forms in the back of this publication for future use. *These forms can also be obtained by calling 1-800-829-3776 or by using IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov).*

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## 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: Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

### Sec. 1. Purpose

**.01** The purpose of this Revenue Procedure is to provide the specifications for filing Forms 1098, 1099, 5498, and W-2G magnetically or electronically, which includes 1/2-inch magnetic tape; IBM 3480, 3490 or AS400 compatible tape cartridges (including 4mm, 8mm & QIC); or 3 1/2-inch diskette with IRS. **IRS/MCC has discontinued processing 8-inch, 5 1/4-inch diskette, and the mainframe electronic filing system. The previously used IRP-BBS (Bulletin Board System) has also been replaced.** *The new electronic filing system is known as FIRE (Filing Information Returns Electronically.)* This Revenue Procedure must be used for the preparation of Tax Year 2000 information returns and information returns for tax years prior to 2000 that are required to be filed. This Revenue Procedure must be used to prepare current and prior year information returns ***filed beginning January 1, 2001, and received by IRS/MCC or postmarked by December 15, 2001.*** Specifications for filing the following forms are contained in this Revenue Procedure.

- (a) Form 1098, Mortgage Interest Statement
- (b) Form 1098-E, Student Loan Interest Statement
- (c) Form 1098-T, Tuition Payments Statement
- (d) Form 1099-A, Acquisition or Abandonment of Secured Property
- (e) Form 1099-B, Proceeds From Broker and Barter Exchange Transactions
- (f) Form 1099-C, Cancellation of Debt
- (g) Form 1099-DIV, Dividends and Distributions
- (h) Form 1099-G, Certain Government and Qualified State Tuition Program Payments
- (i) Form 1099-INT, Interest Income
- (j) Form 1099-LTC, Long-Term Care and Accelerated Death Benefits
- (k) Form 1099-MISC, Miscellaneous Income
- (l) Form 1099-MSA, Distributions From an MSA or Medicare+Choice MSA
- (m) Form 1099-OID, Original Issue Discount
- (n) Form 1099-PATR, Taxable Distributions Received From Cooperatives
- (o) Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- (p) Form 1099-S, Proceeds From Real Estate Transactions
- (q) Form 5498, IRA Contribution Information
- (r) Form 5498-MSA, MSA or Medicare+Choice MSA Information
- (s) Form W-2G, Certain Gambling Winnings

**.02** Specifications for filing Forms W-2, Wage and Tax Statements, magnetically/electronically are available from the Social Security Administration (SSA) **only**. Filers can call 1-800-SSA-6270 to obtain the phone number of the SSA Employer Service Liaison Officer for their area.

**.03** 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) and extension of time to file requests (Form 8809) for Forms W-2 and requests for an extension of time to provide the employee copies of Forms W-2.

**.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 information returns:

- (a) 2000 "General Instructions for Forms 1099, 1098, 5498, and W-2G" and individual Form instructions.
- (b) Publication 1179, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G
- (c) Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Magnetically or Electronically
- (d) Publication 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Magnetically or Electronically
- (e) Publication 1245, Specifications for Filing Form W-4, Employee's Withholding Allowance Certificate, Magnetically or Electronically.

- .07 This Revenue Procedure supersedes Rev. Proc. 99-29 published as Publication 1220 (Rev. 8-99), Specifications for Filing Forms 1098, 1099, 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 2000)**

.01 In this publication, all pertinent changes for Tax Year 2000 are emphasized by the use of *italics*. Portions of text that require special attention have been **bolded**. Filers are always encouraged to read the publication in its entirety.

**.02 Programming Changes**

**(a) General**

- 1.The state of Oregon has withdrawn from the Combined/Federal State Filing Program.
- 2.The testing period when using the FIRE system is from November 1st to February 15th. The testing period using magnetic media remains November 1st to December 15th - also see Part A, Sec. 8.

**(b) Programming Changes - Transmitter “T” Record**

- 1.For all forms, Payment Year, Field Positions 2-5, must be incremented to reflect the four-digit report year (1999 to 2000), unless reporting prior year data.

**(c) Programming Changes - Payer “A” Record**

- 1.For all forms, Payment Year, Field Positions 2-5, must be incremented to reflect the four-digit year (1999 to 2000), unless reporting prior year data.
- 2.For Form 1098-E, the title of Amount Code 1 was changed to “Student loan interest received by lender.”
- 3.For Amount Codes for Form 1099-R, the title of Amount Code A was changed to Traditional IRA/SEP/SIMPLE distribution or Roth conversion. Note 4: Form 1099-R now includes information about Roth conversion.

**(d) Programming Changes — Payee “B” Record**



- 1.For all forms, Payment Year, Field Positions 2-5, must be incremented to reflect the four-digit reporting year (1999 to 2000), unless reporting prior year data.
- 2.The IRA/SEP/SIMPLE indicator, position 548 for Form 1099-R, of the Payee “B” record, should also be used to indicate a Roth conversion.

**.03 Editorial Changes**



- (a) **BEGINNING IN CALENDAR YEAR 2002 FOR TAX YEAR 2001, IRS/MCC WILL NO LONGER RETURN PROBLEM MEDIA IN NEED OF REPLACEMENT.** Filers will continue to receive a tracking form, listing and letter detailing the reason(s) their media could not be processed. Filers will be expected to send in replacement media within the prescribed time frame. This makes it **imperative** that filers maintain backup copies and/or recreate capabilities for their information return files.
- (b) Most references to faxing forms were removed from the publication. While it is acceptable to send us fax copies of forms, IRS/MCC **discourages faxing** forms, especially on or near due dates, due to the high volume of transmissions during these times. Mailing forms postmarked by the required date to the appropriate address is sufficient; see Part E. The exception to this recommendation is Form 8809, Request for Extension of Time to File Information Returns. If you file your extension request **electronically**, you must fax your Form 8809 the same day as the transmission. See Part D, Sec. 1.04.
- (c) A file format diagram is located at the end of Part E, Miscellaneous Information, just before the mail labels. This visual representation of a file layout may be helpful in understanding IRS/MCC’s definition of a file.

**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 and requests for IRS magnetic media and electronic filing information should be sent to the following address:

If by Postal Service, truck or air freight:    
 IRS-Martinsburg Computing Center  
 Information Reporting Program  
 230 Murall Drive  
 Kearneysville, WV 25430

.02 Send a magnetically filed extension of time request, undue hardship waivers, and requests for extensions of time to file returns or to furnish the statements to recipients to the following address:

If by Postal Service, truck or air freight:    
 IRS-Martinsburg Computing Center  
 Information Reporting Program  
**Attn: Extension of Time Coordinator**  
 240 Murall Drive  
 Kearneysville, WV 25430

.03 The telephone numbers for magnetic media inquiries or electronic submissions are:

304-263-8700 - Call Site - Part A, Sec 3.09

304-267-3367 - TDD

(Telecommunication Device for the Deaf)

304-264-5602 - Fax Machine

Electronic Filing – FIRE system

304-262-2400

\*\*\*\*\***(These are not toll-free telephone numbers.)**\*\*\*\*\*

TO OBTAIN FORMS:

1-800-TAX-FORM (1-800-829-3676)

[www.irs.gov](http://www.irs.gov) - INTERNET access to forms (See Note.)

☛ **Note: Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file the IRS Form 1096 or Copy A of Forms 1098, 1099, or 5498 printed from the IRS’s Internet Web Site or the CD-ROM.**

.04 The 2000 “*General Instructions for Forms 1099, 1098, 5498, and W-2G*” and the individual Forms instructions have been included in the Publication 1220 for your 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 Form 1096 and submit the paper returns to the appropriate IRS Service Center.

.05 Requests for paper Forms 1096, 1098, 1099, 5498, and W-2G, and publications related to magnetic media/electronic filing should be made by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)** or by using the IRS’s Internet Web Site at [www.irs.gov](http://www.irs.gov).

.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-6270 to obtain the phone number of the SSA Employer Service Liaison Officer 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 2000 “*General 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)**. For any questions regarding this form, call 1-800-829-1040.

.09 The Information Reporting Program Call Site answers both magnetic media and tax law questions relating to the filing of information returns (Forms 1042-S, 1096, 1098, 1099, 5498, 8027, W-2G, and W-4). The Call Site also answers tax law and paper filing related questions about Forms W-2 and W-3, as well as handling inquiries dealing with backup withholding and reasonable cause requirements 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 The regulations under section 6011(e)(2)(A) of the Internal Revenue Code provide that 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 separately to each type of corrected return.**

**\*Even though filers with less than 250 information returns are not required to submit the information returns magnetically or electronically and may submit them on paper, IRS encourages filers to transmit those 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), employer identification number (EIN), individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN)]. 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 by *April 2, 2001*, are considered to have satisfied the magnetic media filing requirements.

**.04** IRS/MCC has one method for filing information returns electronically; see Part C.

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

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\*For Tax Year 2000, Forms 1098-E and 1098-T may be reported on paper regardless of the 250 threshold.

**.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 2000 *“General 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 the W-2 series of forms 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 in the regulations 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.

**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.

.02 **If filers meeting the filing requirements 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.**

.03 The Vendor List, Publication 1582, 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 letter (see Part A, Sec. 3). The Vendor List is also available on the IRS’s Internet Web Site [www.irs.gov](http://www.irs.gov).

.04 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 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, tape cartridge, 3 1/2-inch diskette, or electronic filing)
- (g) Type(s) of return(s)

**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 (Forms 1098, 1099, 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**

<b>FORM</b>	<b>TITLE</b>	<b>EXPLANATION</b>
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 operations where tipping is customary. Used by the employers to report employees’ tips or allocated tips.

## EXCEPTIONS (Continued)

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.
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☛ **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)**. The form is also available on the **IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov)**.

**.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 Transmitter "T" 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 Publication 1220 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 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 (e.g., tape to disk). The transmitter should include the TCC in all correspondence.

**.06** Form 4419 may be submitted anytime 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. 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.

**.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 Transmitter "T" 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 two consecutive years; the payer's TCC may have been reassigned by IRS/MCC. Payers who are aware the TCC assigned will no longer be used are requested to notify IRS/MCC so these numbers may be reassigned; **or**
- (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 filing Form 4419.

**.10** One Form 4419 may be submitted regardless of how many types of media or methods are used to file the return. **Multiple TCCs will only be issued to payers with multiple TINs. Only one TCC will be issued per TIN unless the filer has checked the application for the following forms in addition to the Forms 1098, 1099, 5498 or W-2G: Forms 1042-S, 8027, and/or W-4. A separate TCC will be assigned for each of these forms.**

**.11** In accordance with Regulations section 1.60417(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) Transmitter "T" Record (all fields marked required must include transmitter information)
  - (b) Payer "A" Record (must not be fictitious data)
  - (c) Multiple Payee "B" Records (**at least 11 "B" Records per each "A" Record**)
  - (d) End of Payer "C" Record
  - (e) State Totals "K" Record, if participating in the Combined Federal/State Filing Program
  - (f) End of Transmission "F" Record
- (See Part B for record formats.)

.03 Use the Test Indicator "T" in Field Position 28 of the "T" Record to show 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 their software reflects any programming changes.

.05 Tests should be sent to IRS/MCC between November 1 and December 15. **Tests submitted on magnetic media must be received at MCC by December 15 in order to be processed.** Magnetic media filers may begin submitting test tapes and diskettes after October 1; however, the data will not be processed until on or after November 1.

**Only tests submitted electronically may be submitted and resubmitted through February 15, 2001.**

.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. Electronic tests may be submitted November 1, 2000, through *February 15, 2001*. For tests filed on magnetic tape, tape cartridge, 8mm, 4mm, and quarter inch cartridge, and 3 1/4-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.

.07 IRS/MCC will send a letter of acknowledgment to indicate the test results for magnetic media only. Unacceptable magnetic media files, along with documentation identifying the errors, will be returned. Resubmission of magnetic media test files must be received by IRS/MCC no later than December 15. See Part C, Sec. 5.03 for information on electronic test results.

.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 postmarked by the due date of the return. Form 4802, 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. 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. **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. Each file must begin with a "T" Record and end with an "F" record for the end of a transmission. 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 within a single file on one tape or diskette as long as each bank or type of return has a separate "A" Record. Multiple tapes or diskettes can be sent in one package. For each separate type of media, the first record on the file must be the Transmitter "T" Record. **A Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, must be submitted for every Transmitter "T" Record. 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. **Failure to sign the affidavit on Form 4804 may delay processing or could result in the files being returned unprocessed.** 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)."

.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 piece of magnetic media. (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 of this publication. If diskettes are used, be certain that only MS-DOS compatible operating systems were used to prepare the diskettes. **Non-MS-DOS diskettes are no longer acceptable at IRS/MCC.**

.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.) 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 Box \_\_\_\_\_ of \_\_\_\_\_ outside label.

☛ **Note: See Part C for Electronic Filing Specifications.**

.13 **Do not use special shipping containers for mailing media to IRS/MCC. Shipping containers will not be returned.**

.14 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.

.15 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.

.16 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

.01 The due dates for filing paper returns with IRS also apply to magnetic media. 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). The following due dates will apply to Tax Year 2000:

### Due Dates

Electronic Filing (See Note)	Magnetic Filing
Forms 1098, 1099, and W-2G	Forms 1098, 1099, and W-2G
Recipient Copy - January 31, 2001	Recipient Copy - January 31, 2001
IRS Copy ----- April 2, 2001*	IRS Copy ----- February 28, 2001
*Normal due date of March 31, 2001 falls on a Saturday.	

☛ **Note:** Electronically filed Forms 1099, 1098, or W-2G are due to the IRS by April 2, 2001. The due date for magnetically filed Forms 1099, 1098, and W-2G remains unchanged (February 28, 2001).

Legislation amended Internal Revenue Code section 6071(b), which eliminates the necessity for electronic filers of Forms 1099, 1098, and W-2G to request an extension of the filing date from February 28 to March 31, effective for returns required to be filed after December 31, 1999.

**Electronic/Magnetic Filing**  
Forms 5498 and 5498-MSA  
Participant Copy - May 31, 2001\*  
IRS Copy ————— May 31, 2001

\* Participants' copy of Form 5498 for education IRA and all other  
Forms 5498 to furnish fair market value information -  
January 31, 2001

**.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 day that is not a Saturday, Sunday, or legal holiday.

**.03** Information returns filed magnetically for Forms 1098, 1099, and W-2G must be submitted to IRS/MCC postmarked on or before *February 28, 2001*.

**.04** Electronically filed information returns for Forms 1098, 1099 and W-2G must be submitted to IRS/MCC no later than *April 2, 2001*, and will be considered timely filed if submitted by that date. Electronically filed information returns submitted after *April 2, 2000*, will be considered late unless an extension has been applied for and approved.

**.05** Magnetic media returns postmarked by the United States Postal Service (USPS) on or before February 28, 2001, 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. (See **Note.**) Notice 99-41, 1999-35 I.R.B. 1999 325, provides the list of designated PDSs. Designation is effective until the IRS issues a revised list. Notice 97-26 1997-1 C.B. 413, 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 99-41, 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.

**Note:** Due to security regulations at MCC, the Internal Revenue police officers will not accept media from PDSs or couriers from 3:00 p.m. to 11:00 p.m., seven days a week, and 11:00 p.m. to 7:00 a.m., Saturday and Sunday.

**.06** Statements to recipients must be furnished on or before *January 31, 2001*, for TY 2000. Form 5498 statements to the participants must be furnished on or before *January 31, 2001*, for TY 2000 for the fair market value of the account and for contributions to an education IRA and by *May 31, 2001*, for TY 2000 for contributions made to all other types of IRAs for the prior calendar year.

**.07** Forms 5498 and 5498-MSA filed magnetically or electronically must be filed with IRS/MCC on or before *May 31, 2001*, for TY 2000.

**.08** Use this Revenue Procedure to prepare information returns filed magnetically or electronically beginning *January 1, 2001*, and received by IRS/MCC no later than *December 15, 2001*.

## **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 series 8027 and 1042-S.



**.02** Form 8809, Request for Extension of Time To File Information Returns, should be submitted to IRS/MCC at the address listed in .06 of this section. 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 associated TINs (EIN or SSN). **The listing must be attached to ensure an extension is recorded for all payers.** Form 8809 may be computer-generated or photocopied. Be sure that all the pertinent information is included. For Forms 1098, 1099 and W-2G that will be filed electronically, Form 8809 must be submitted on or before *April 2, 2001*.

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

**.05** 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.

**.06** All requests for an extension of time filed on Form 8809 or filed magnetically on tape, tape cartridge, or 3 1/2 inch diskette should be sent using the following address:

If by Postal Service, truck or air freight:    
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
240 Murall Drive  
Kearneysville, WV 25430

**.07** 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.

**.08 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.

**.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; however, 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, 2001. (See **Note**.) Complete more than one Form 8809 to avoid this problem.

**Note:** For Tax Year 2000, if you will be filing Forms 1098, 1099, or W-2G electronically, the Form 8809 is not required unless an extension is needed beyond April 2, 2001.

**.10** If an additional extension of time is needed, a second Form 8809 must be filed by the initial extended due date. Check line 7 on the form 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. **If requesting a second 30-day extension of time, submit the information return files as soon as prepared. Do not wait for MCC's response to your second extension request.**

**.11** If an extension request is approved, the approval letter should be kept on file. The approval letter or copy of the approval letter for an 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.

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

**.13** 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.

**.14** 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.

**.15** Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available on the **IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov)**. A copy of the Form 8809 is also provided in the back of Publication 1220.

**.16 Request an extension of time to furnish the statements to recipients of Forms 1098, 1099, 5498, W-2G, W-2 series, and 1042-S by submitting a letter to IRS/MCC at the address listed in .06 of this section. The letter should contain 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 to recipients for Forms 1098, 1099, 5498, W-2G, W-2 series, and 1042-S 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 magnetic media will be returned for replacement accompanied by 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. **Beginning in calendar year 2002 for Tax Year 2001, IRS/MCC will no longer return problem media in need of replacement. See Part A, Sec. 2.03(a) for details.**

**.03** Magnetic media 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. Refer to Part C, Sec. 6, for procedures for correcting files submitted electronically. 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 infor-

mation, refer to the Penalty section of the 2000 "General Instructions for Forms 1099, 1098, 5498, and W-2G.")

**.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.

☛**Note:** Corrections should only be made to records that have been submitted incorrectly, not the entire file.

- 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. (See **Note 1**).

☛**Note 1:** Filers should never send anything to IRS/MCC marked "Replacement" unless IRS/MCC returned media to them.

☛**Note 2:** *Beginning in calendar year 2002 for Tax Year 2001, IRS/MCC will no longer return problem media in need of replacement. Filers will continue to receive a tracking slip, listing and letter detailing the reason(s) their media could not be processed. Filers will be expected to send in replacement media within the prescribed time frame. This makes it imperative that filers maintain backup copies and/or recreate capabilities for their information return files.*

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

**.07** IRS/MCC will work with filers as much as possible to assist with processing problems. **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 CP2100A Notices) or penalties for missing or incorrect TINs.

### Sec. 13. Corrected Returns

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

	If a payer has 100 Forms 1099-A to be corrected, they can be
<b>E</b>	filed on paper because they fall under the 250 threshold. However,
<b>X</b>	if the payer has 300 Forms 1099-B to be corrected, they must be
<b>A</b>	filed magnetically or electronically because they meet the 250 threshold.
<b>M</b>	If for some reason a payer cannot file the 300 corrections on magnetic
<b>P</b>	media, to avoid penalties, a request for a waiver must be submitted before
<b>L</b>	filing on paper. If a waiver is approved for original documents, any corrections
<b>E</b>	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 by August 1 may be subject to a lesser penalty. (For information on penalties, refer to the Penalty section of the 2000 "General Instructions for Forms 1099, 1098, 5498, and W-2G.") However, if payers discover errors after August 1, they are still required to file corrections so 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." **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 Block 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 2-5 of the “T”, “A”, and “B” Records. If filing electronically, a separate transmission must be made for each tax year.

**.07** In general, filers should submit corrections for returns filed within the last 3 calendar years [4 years if the payment is a reportable payment subject to backup withholding under section 3406 of the Code and also for Form 1099-C, Cancellation of Debt].

**.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

**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, ITIN, ATIN 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 new file.
- B.** Mark “Correction” in Block 1 of Form 4804.
- C.** Prepare a new file. The first record on the file will be the Transmitter “T” Record.
- D.** Make a separate “A” Record for each type of return and each payer being reported. The information in the “A” Record will be **exactly** the same as it was in the original submission with one exception; the Correction File Indicator (Field Position 50) will be set to “1”.
- E.** The Payee “B” Records must contain **exactly the same** information as submitted previously, except, insert a Corrected Return Indicator Code of “G” in Field Position 6 of the “B” Records, and for all payment amounts, enter “0” (zeros).
- F.** Corrected returns submitted to IRS/MCC using “G” coded “B” Records may be on the same file as those returns submitted with a “C” code; **however, separate “A” Records are required.**
- G.** Prepare a separate “C” Record for each type of return and each payer being reported.
- H.** Continue with Transaction 2 to complete the correction.

**Transaction 2:** Report the correct information

## Guidelines for Filing Corrected Returns Magnetically/Electronically (continued)

Error Made on the Original Return	How To File the Corrected Return
	<ul style="list-style-type: none"><li>A. Make a separate “A” Record for each type of return and each payer being reported. The Correction File Indicator (Field Position 50), must be set to “1” (one).</li><li>B. The Payee “B” Records must show the correct information as well as a Corrected Return Indicator Code of “C” in Field Position 6.</li><li>C. Corrected returns submitted to IRS/MCC using “C” coded “B” Records may be on the same file as those returns submitted with “G” codes; <b>however, separate “A” Records are required.</b></li><li>D. Prepare a separate “C” Record for each type of return and each payer being reported.</li><li>E. The last record on the file will be the End of Transmission “F” Record.</li><li>F. Indicate “Correction” on the external media label.</li></ul>

⚡ **Note 1:** Payers who can show they have reasonable cause (defined in the regulations under section 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. The penalty is further reduced to \$15 per return if the corrections are filed within 30 days of the due date. (For penalty information, refer to the Penalty section of the 2000 “General 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 section 6724 are available in Publication 1586, Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TINs. The publication may be obtained by calling 1-800-TAX-FORM (1-800-829-3676) or from IRS’s Internet Web Site at [www.irs.gov](http://www.irs.gov).

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

<p>2. Original return was filed one or more of the following errors:</p> <ul style="list-style-type: none"><li>(a) Incorrect payment amount codes in the Payer “A” Record</li><li>(b) Incorrect payment amounts in the Payee “B” Record</li><li>(c) Incorrect code in the distribution code field in the Payee “B” Record</li><li>(d) Incorrect payee address</li><li>(e) Incorrect Direct Sales Indicator</li></ul>	<ul style="list-style-type: none"><li>A. Prepare a new Form 4804/4802 that includes with information relating to this new file.</li><li>B. Mark “Correction” in Block 1 of Form 4804.</li><li>C. Prepare a new file. The first record on the file will be the Transmitter “T” Record.</li><li>D. Make a separate “A” Record for each type of return and each payer being reported. Information in the “A” Record may be the same as it was in the original submission. However, the Correction File Indicator (Field Position 50) must be set to “1” (one).</li><li>E. The Payee “B” Records must show the correct record information as well as a Corrected Return Indicator Code of “G” in Field Position 6.</li><li>F. Corrected returns submitted to IRS/MCC using “G” coded “B” Records may be on the same file as those returns submitted without the “G” coded “B” Records; <b>however, separate “A” Records are required.</b></li><li>G. Prepare a separate “C” Record for each type of return and each payer being reported.</li><li>H. The last record on the file will be the End of Transmission “F” Record.</li><li>I. Indicate “Correction” on the external media label.</li></ul>
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⚡ **Note 2:** If a filer is correcting the name and/or TIN in addition to any errors listed in item 2 of the chart, two transactions will be required. If a filer is reporting “G” coded, “C” coded, and/or “Non-coded” (original) returns on the same media, each category 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 payees’ TIN and name combination are used to associate information returns reported to IRS/MCC with corresponding information on payees’ tax returns. It is imperative that **correct** Taxpayer Identification Numbers (TINs) 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 (SSN). For other entities, the payee TIN is the payee’s Employer Identification Number (EIN). The payee TIN may also refer to an Individual Taxpayer Identification Number (ITIN) or Adoption Taxpayer Identification Number (ATIN). 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 and the SSN is preferred.**

**.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).

**.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. A so-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
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 agricultural 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 paper forms to IRS/MCC for any forms filed on magnetic media or electronically.** This will result in duplicate filing; therefore, erroneous notices could be generated.

**.02** Payers are responsible for providing statements to the payees as outlined in the 2000 *“General Instructions for Forms 1099, 1098, 5498, and W-2G.”* Refer to those 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, 5498, and W-2G.”*

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

**.01** The Combined Federal/State Filing (CF/SF) 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 be filed under the Combined Federal/State Filing Program:

Form 1099-DIV-----	Dividends and Distributions
Form 1099-G-----	Certain Government and Qualified State Tuition Program Payments
Form 1099-INT-----	Interest Income
Form 1099-MISC-----	Miscellaneous Income
Form 1099-OID-----	Original Issue Discount
Form 1099-PATR-----	Taxable Distributions Received From Cooperatives
Form 1099-R-----	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
Form 5498-----	IRA Contribution Information

The following information returns **may not** be filed under this program:

Form 1098-----	Mortgage Interest Statement
Form 1098-E-----	Student Loan Interest Statement
Form 1098-T-----	Tuition Payments 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 an MSA or Medicare+Choice MSA
Form 1099-S-----	Proceeds From Real Estate Transactions
Form 5498-MSA-----	MSA or Medicare+Choice MSA Information
Form W-2G-----	Certain Gambling Winnings

**.02** To request approval to participate, a magnetic media test file coded for this program **must** be submitted to IRS/MCC between November 1, 2000, and December 15, 2000. Electronic test files coded for this program must be submitted between November 1, 2000, and *February 15, 2001*.

**.03** Attach a letter to the Form 4804 submitted with the test file to indicate a desire to participate in the Combined Federal/State Filing Program.

**.04** A test 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 new test file must be returned to IRS/MCC no later than December 15 or February 15 for electronically filed test.

**.07** A separate Form 6847 is **required** for each payer. A transmitter 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). **Each state's filing requirements 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	Idaho	16	Missouri	29
Arizona	04	Indiana	18	Montana	30
Arkansas	05	Iowa	19	New Jersey	34
California	06	Kansas	20	New Mexico	35
Delaware	10	Maine	23	North Dakota	38
District of Columbia	11	Massachusetts	25	South Carolina	45
Georgia	13	Minnesota	27	Tennessee	47
Hawaii	15	Mississippi	28	Wisconsin	55

**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
Hawaii	10	<sup>a</sup>	10	600	10	10	600	<sup>a</sup>
Idaho	NR	NR	NR	600	NR	NR	<sup>a</sup>	<sup>a</sup>
Iowa	10	10	10	600	10	10	10	<sup>a</sup>
Minnesota	10	10	10	600	10	10	600	<sup>a</sup>
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	<sup>a</sup>
New Jersey	1000	1000	1000	1000	1000	1000	1000	NR
Tennessee	100	NR	100	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:

<sup>a</sup> All amounts are to be reported.

<sup>b</sup> Amounts are for aggregates of several types of income from the same payer.

<sup>c</sup> Missouri would prefer those returns filed with respect to nonMissouri residents to be sent directly to its state agency.

## Sec. 17. Definition of Terms

Element	Description
Asynchronous Protocols	This type of data transmission is most often used by microcomputers, PCs and some minicomputers. Asynchronous transmissions transfer data at arbitrary time intervals using the start-stop method. Each character transmitted has its own start bit and stop bit.
ATIN	A temporary taxpayer identification number assigned to a child who has been placed by an authorized placement agency in the household of a prospective adoptive parent prior to adoption. When the adoption becomes final, the adoptive parent must apply for a social security number for the child.
␣	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.
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.

☛ **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>Element</b>	<b>Description</b>
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)	A nine-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 protocols. See Parts A and C of this publication for specific information on electronic filing.
File	For purposes of this Revenue Procedure, a file consists of one Transmitter "T" Record at the beginning of the file, followed by a Payer "A" Record, Payee "B" Records, and an End of Payer "C" Record after each set of "B" Records. The last record on the file will be the End of Transmission "F" Record. Nothing should be reported after the End of Transmission "F" Record. <i>A file format diagram is located at the end of Part E, Miscellaneous Information just before the mail labels.</i>
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)	A TIN may be incorrect for several reasons: <ul style="list-style-type: none"> <li>(a) The payee provided a wrong number or name (e.g., the payee is listed as the only owner of an account but provided someone else's TIN).</li> <li>(b) A processing error (e.g., the number or name was typed incorrectly).</li> <li>(c) The payee's status changed (e.g., a payee name change was not reported to the IRS or SSA).</li> </ul>
Individual Taxpayer Identification Number (ITIN)	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).
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, 1098-E, 1098-T, 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.
ISDN - Integrated Services Digital Network	ISDN's basic service is Basic Rate Interface (BRI) which is made up of two 64Kbps B channels and one 16Kbps D Channel. If both channels are combined into one, called bonding, the total data rate becomes 128KBPS and is 4 1/2 times the bandwidth of a 28.8 modem.
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 Cartridge) cartridge or 3 1/2-inch diskette.
Media Tracking Slip (Form 9267)	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>

Element	Description
Missing Taxpayer Identification Number	The payee TIN on an information return is missing if: <ul style="list-style-type: none"> <li>(a) there is no entry in the TIN field, (Missing TIN)</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 Regulations section 1.72-16(b). (See Part B, Sec.10(14) Payee "B" Record, Distribution Code, Category of Distribution, Code 9.)
Payee	Person or organization receiving payments from the payer, or for whom an information return must be filed. The payee also includes a student (Form 1098-T), borrower (Forms 1098, 1098-E, and 1099-A), a debtor (Form 1099-C), a policyholder or insured (Form 1099-LTC), any IRA plan participant (Form 5498) or MSA or Medicare+Choice MSA participant (Form 5498-MSA), and a gambling winner (Form W-2G). For Form 1099-S, the payee is the seller or other transferor.
Payer	Includes the person making payments, a recipient of mortgage or student loan interest payments, an educational institution, a broker, a person reporting a real estate transaction, a barter exchange, a creditor, a trustee or issuer of any IRA or MSA plan, and 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/electronic files.
<p>☛<b>Note:</b> For Form 1098-T, the eligible educational institution that received qualified tuition and related expenses is considered the payer.</p>	
Replacement	A replacement is an information return file that IRS/MCC has returned to the transmitter due to errors encountered during processing.
<p>☛<b>Note 1:</b> 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.</p> <p>☛<b>Note 2:</b> Beginning in calendar year 2002 for Tax Year 2001, IRS/MCC will no longer return problem media in need of replacement.</p>	
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 <b>not</b> a numeric, 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), Individual Taxpayer Identification Number (ITIN), or Adoption Taxpayer Identification Number (ATIN).
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.



**Element****Description**

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 Transmitter "T" Record of the file 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	(U.S.) 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		

.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 51 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 247 of the "B" Record.

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

**EXAMPLE:**

Payee Name	PVT Willard 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.

Filers who engage a service bureau to prepare media on their behalf should be careful not to report duplicate data which may generate penalty notices.

The Major Problems Encountered lists some of the most frequently encountered problems with magnetic/electronic files submitted to IRS/MCC. These problems may result in media being returned for replacement. **Some of the problems resulted from not referring to this publication for instructions.**

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### 1. Incorrect Format

READ the Publication 1220 *carefully*.

- **No Transmitter “T” Record - These files began with a Payer “A” Record. All files **must** begin with a Transmitter “T” Record.**
- **Incorrect year format - Date fields having the year/month/day are 8 characters (YYYYMMDD). Also, if the month and/or day is one position, i.e., January through September or 1 through 9 for the day of the month, precede the month and/or day with a zero. All date fields are numeric, therefore, blanks, alphas, or special characters are not acceptable.**

**EXAMPLE:** January 2, 2000 (20000102)

- **Invalid record length - Records not 750 Positions in length.**
- **Multiple Files on diskettes - Filers sending multiple files on diskettes. Please refer to Part B, Section 5. A file consists of one Transmitter “T” Record followed by a Payer “A” Record, Payee “B” Records, End of Payer “C” Record, State Totals “K” Record (if applicable for CF/SF Program), and the End of Transmission “F” Record. A file can contain multiple Payer “A” Records, but, only one Transmitter “T” Record. A file format diagram is located at the end of Part E, *Miscellaneous Information just before the mail labels*.**

IRS/MCC continues to receive prior year data in prior year format instead of current year format. Never send prior year data in prior year format. Be sure to use **the current Revenue Procedure (Publication 1220)** for formatting data for prior years.

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### 2. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically

Each shipment of media sent to IRS/MCC must include a Form 4804. More than one type of media may be sent in the same shipment, (i.e., a tape, a diskette, or a tape cartridge) but must have a separate Form 4804 to accompany **each type of media**. In the following example, three separate Forms 4804 would be required in the total shipment. However, multiples of one type of media (i.e., 6 diskettes) may be covered by one Form 4804. For electronically transmitted information returns, the Form 4804 **must be post-marked by the due date of the return**. *Often, electronic files are transmitted and no Form 4804 is sent to MCC.*

**EXAMPLE:**

A & B Company sends in one shipment of the following magnetic media:

- 1 Magnetic Tape = 1 Form 4804
- 2 Diskettes = 1 Form 4804 covers both diskettes
- 3 Tape Cartridges = 1 Form 4804 covers all three cartridges

Total Number of Forms 4804 for the above shipment = **3 Forms 4804**

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### 3. Discrepancy Between IRS/MCC Totals and Totals in Payer “C” Records

The “C” Record is a summary record for a type of return for a given payer as reported in the “B” Records. IRS balances the total number of payees and payment amounts and compares them with totals in the “C” Records. Filers should verify the accuracy of the records because imbalances may necessitate return of files for replacement.

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### 4. The Payment Amount Fields in the “B” Record Do Not Correspond to the Amount Codes in the “A” Record

If codes 2, 4, and 7 appear in the Amount Codes Field of the “A” Record, then the “B” Record must show payment amounts in only Payment Amount Fields 2, 4, and 7, rightjustified and unused positions **must be zero (0)** filled.

EXAMPLE: “A” RECORD    247 ~~00000000~~ (‘b’ denotes a blank)  
(Pos. 28-39)

“B” RECORD    000000867599---(Payment Amount 2)  
(Pos. 67-78)

                  000000709097---(Payment Amount 4)  
(Pos. 91-102)

                  000000044985---(Payment Amount 7)  
(Pos. 127-138)

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## 5. Blanks or Invalid Characters Appear in Payment Amount Fields in the “B” Record

Money amounts must be right-justified and zero (0) filled. **Do not use blanks.**

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## 6. Incorrect TIN in Payer “A” Record

The Payer’s TIN reported in positions 12-20 of the “A” Record must be nine numeric characters (no alphas or special characters) in order for IRS/MCC to process the media. The TIN provided in the “A” Record must correspond with the name provided in the first payer name line.

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## 7. Incorrect Tax Year in the Transmitter “T” Record, Payer “A” Record and the Payee “B” Record

The tax year in the transmitter, payer and payee records should reflect the year of the information being reported. Filers need to check their files to ensure this information is correct.

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## 8. Incorrect Reporting of Form W-2 Information to IRS

Form W-2 information is submitted to SSA, and **not** to IRS/MCC. SSA has its own magnetic media reporting program and specifications for wage information, and the media containing Forms W-2 is submitted to SSA. **Any media received at IRS/MCC that contains Form W-2 information will be forwarded to SSA. The filer will be notified of this action by letter.** To inquire about filing Form W-2 information magnetically, call 1-800-SSA-6270.

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## 9. Excessive Withholding Credits

Generally, for most information returns, other than Forms 1099-MISC, 1099-R, and W-2G, Federal withholding amounts should **not** exceed 31 percent (backup withholding rate) of the income reported. Validate the total reported in the withholding field against the total income reported.

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## 10. Incorrect Format for TINs in the Payee “B” Record

A check of “B” records should be made to ensure the Taxpayer Identification Numbers (TINs) are formatted correctly. There should be nine numerics, **no alphas, hyphens, commas, or blanks.** Incorrect formatting of TINs may result in a penalty.

IRS/MCC contacts filers who have submitted payee data with missing TINs in an attempt to prevent errors that could result in penalties. Payers/transmitters 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 and CP2100A Notices) or penalties for missing or incorrect TINs. For penalty information, refer to the Penalty section of the 2000 “*General Instructions for Forms 1099, 1098, 5498, and W-2G.*”

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## 11. 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, Field Positions 545-546.

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## 12. Incorrect Record Totals Listed on Form 4804

The Combined Total Payee Records listed on the Form 4804 (Block 9) are used in the verification process of information returns. The figure in this block 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.

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## 13. Invalid Use of IRA/SEP/SIMPLE Indicator (Form 1099-R)

The IRA/SEP/SIMPLE indicator for Form 1099-R should be used for the reporting of a distribution from a traditional IRA/SEP/SIMPLE or a Roth conversion. It may be used at your option for a distribution from a Roth or Education IRA or for an IRA recharacterization. The total amount distributed from a traditional IRA/SEP/SIMPLE distribution or *Roth conversion* should be reported in Payment Amount Field A as well as Payment Amount Field 1.

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## 14. Failure To Identify the Rollover Contributions and/or Fair Market Value of the Account for Form 5498.

Rollover contributions (Amount Code 2 of the “A” Record) and/or fair market value of the account (Amount Code 4 of the “A” Record) for Form 5498 must be identified as an IRA (position 547 of the “B” Record), SEP (position 548 of the “B” Record), SIMPLE (position 549 of the “B” Record), Roth IRA (position 550 of the “B” Record), Recharacterization (position 551 of the “B” Record), or Education IRA (position 552 of the “B” Record).

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## 15. Media Received Without Data

Transmitters/filers should verify the presence of Form 1099 information returns on the media before sending the shipment to IRS/MCC.

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### 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/electronic file.

.02 A provision is made in the "B" Records for entries which are optional. If the field is not utilized, enter blanks to maintain a fixed record length of 750 positions. Each field description explains the intended use of specific field positions.

.03 Transmitters should be consistent in the use of recording codes and density on files. If the media does not meet these specifications, it will 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) A density of 1600 or 6250 BPI.

(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) A density of 1600 or 6250 BPI.

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 32,250 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 750.

(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) Signifies 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 tapemark, 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 32,250 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 750.
- (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) Signifies 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 18-track or 36-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 system 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:

Tracks	Density	Capacity
1	20 (43245 BPI)	2.3 Gb
1	21 (45434 BPI)	5 Gb

- (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 will appear in the header label as IRSTAX.001, IRSTAX.002, and IRSTAX.003 on each cartridge of the file). The Transmitter "T" Record must only appear on the first cartridge. **The End of Transmission "F" Record should be placed only on the last cartridge 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 32,250 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 750.
- (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) Signifies 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 will 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 tapemark, 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) 4 mm 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 (60 meter) or 2 Gb (90 meter), or DDS-2 at 4Gb (120 meter).
- (e) The general specifications for 8mm cartridges also apply to the 4 mm cassettes.

**.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-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-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb

- (c) The general specifications that apply to 8mm cartridges also apply to QIC cartridges.

☛ **Note:** *Advanced Metal Evaporated (AME) cartridges are not acceptable.*

### Sec. 5. 3 1/2-Inch Diskette Specifications

**IRS/MCC has discontinued processing 5 1/4-inch diskettes. Filers must use other methods by which to submit information returns magnetically/electronically.**

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

- (a) 3 1/2-inches in diameter.
- (b) Data **must** be recorded in standard ASCII code.
- (c) Records must be a fixed length of 750 bytes per record.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 749 and 750 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, if the file consists of three diskettes, the first diskette will be named IRSTAX.001, the second will be IRSTAX.002, and the third will be IRSTAX.003. The first diskette, IRSTAX.001 will begin with a “T” Record and the third diskette, IRSTAX.003 will have an “F” Record at the end of the file.
- (g) A diskette will not contain multiple files as defined in Part A, Section 17. A file may have only **ONE** Transmitter “T” Record.
- (h) Failure to comply with instructions will result in media being returned for replacement.
- (i) Diskettes must meet one of the following specifications:

Capacity	Tracks	Sides/Density	Sector Size
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512
1.2 mb	96tpi	hd	512

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

**.03** IRS/MCC will **only** accept 3 1/2-inch diskettes created using MS-DOS.

☛ **Notes:** *IRS/MCC has discontinued processing 5 1/4-inch diskettes.*

**IRS no longer has the capability to process non-MS-DOS compatible diskettes.**

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

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

**Sec. 6. Transmitter “T” Record - General Field Descriptions**

**.01** The Transmitter “T” Record identifies the entity transmitting the magnetic media/electronic file and contains information which is supplied on the Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically. The “T” Record has been created to facilitate current magnetic/electronic processing of information returns at IRS/MCC.

**.02** The Transmitter “T” Record is the first record on each file and is followed by a Payer “A” Record. See Part A, Sec. 17, Definition of Terms, for the definition of file. *A file format diagram is located at the end of Part E, Miscellaneous Information, just before the mail labels.* A file will be returned to the transmitter for replacement if the “T” Record is not present. For transmitters with multiple diskettes, refer to Sec. 5, 3 1/2-Inch Diskette Specifications.

**.03** No money or payment amounts are reported in the Transmitter “T” Record.

**.04** 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 zeros in the indicated field positions and for the indicated length.

**.05 All records must be a fixed length of 750 positions.**

**.06** The Transmitter “T” Record must be followed by the Payer “A” Record, which must be followed with Payee “B” Records; however, the initial record on each file must be a Transmitter “T” Record.

**.07** All alpha characters entered in the “T” Record must be upper-case.

**.08** When transmitting information on magnetic media or electronically, the Transmitter “T” Record must precede the first Payer “A” Record and reflect the person actually transmitting the information to IRS/MCC.

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**Record Name: Transmitter “T” Record**

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Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “T.”
2-5	Payment Year	4	<b>Required.</b> Enter “2000” (unless reporting prior year data; report the year which applies [1997, 1998, etc.] and set the Prior Year Data Indicator in field position 6).
6	Prior Year Data Indicator	1	<b>Required.</b> Enter “P” <b>only</b> if reporting prior year data; otherwise, <b>enter blank.</b> Do not enter a “P” if tax year is 2000.
7-15	Transmitter’s TIN	9	<b>Required.</b> Enter the transmitter’s nine digit Tax Identification Number. May be an EIN, SSN or ITIN.
16-20	Transmitter Control Code	5	<b>Required.</b> Enter the five character alpha/numeric Transmitter Control Code (TCC) assigned by IRS/MCC. A TCC must be obtained to file data within this program.
21-22	Replacement Alpha Character	2	<b>Required for replacement files only.</b> Enter the alpha/numeric character which appears immediately following the TCC number on the Media Tracking Slip (Form 9267). The Form 9267 accompanies media that has been returned by IRS/MCC due to processing problems. This field must be blank unless media has been returned. If the file is being replaced magnetically, information is required in this field. If the file was originally sent magnetically, but the replacement is being sent electronically, the information is required in this field. Otherwise, leave blank for electronic files. Left justify information and fill unused positions with blanks. If this is not a replacement file, <b>enter blanks.</b>
23-27	Blank	5	<b>Enter blanks.</b>

**Record Name: Transmitter "T" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
28	Test File Indicator	1	<b>Required for test files only.</b> Enter a "T" if this is a test file; otherwise, <b>enter a blank.</b>
29	Foreign Entity Indicator	1	Enter a "1" (one) if the transmitter is a foreign entity. If the transmitter is not a foreign entity, <b>enter a blank.</b>
30-69	Transmitter Name	40	<b>Required.</b> Enter the name of the transmitter in the manner in which it is used in normal business. Left justify and fill unused positions with blanks.
70-109	Transmitter Name (Continuation)	40	Enter any additional information that may be part of the name. Left justify information and fill unused positions with blanks.
<b>Note: Any correspondence relating to problem media or electronic files will be sent to this address.</b>			
110-149	Company Name	40	<b>Required.</b> Enter the name of the company to be associated with the address where correspondence should be sent or media should be returned due to processing problems.
150-189	Company Name (Continuation)	40	Enter any additional information that may be part of the name of the company where correspondence should be sent or media should be returned due to processing problems.
190-229	Company Mailing Address	40	<b>Required.</b> Enter the mailing address where correspondence should be sent or media should be returned in the event IRS/MCC is unable to process.
230-269	Company City	40	<b>Required.</b> Enter the city, town, or post office where correspondence should be sent or media should be returned in the event IRS/MCC is unable to process.
270-271	Company State	2	<b>Required.</b> Enter the valid U. S. Postal Service state abbreviation. Refer to the chart of valid state codes in Part A, Sec.18.
272-280	Company 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 unused positions with blanks.
281-295	Blank	15	<b>Enter blanks.</b>
296-303	Total Number of Payees	8	Enter the total number of Payee "B" Records reported in the file. Right justify information and fill unused positions with zeros.
304-343	Contact Name	40	<b>Required.</b> Enter the name of the person to be contacted if IRS/MCC encounters problems with the the file or transmission.
344-358	Contact's Phone Number & Extension	15	<b>Required.</b> Enter the telephonenumber of the person to contact regarding magnetic/electronic files. Omit hyphens. If no extension is available, left justify information and fill unused positions with blanks. For example, the IRS/MCC Call Site phone number of 304-263-8700 with an extension of 52345 would be 304263870052345.
359-360	Magnetic Tape File	2	<b>Required for magnetic tape/tape cartridge filers only.</b> Enter the letters "LS" (in uppercase only). Use of this



**Record Name: Transmitter “T” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
	Indicator		field by filers using other types of media will be acceptable but is not required.
361-375	Electronic File Name For a Replacement File	15	<b>Required</b> for a <i>rejected</i> original or electronic file for which a <b>replacement</b> is being sent. Enter the ORIGINAL or CORRECTION electronic file name assigned by the IRS electronic FIRE system.
<p><b>EXAMPLE: If you have sent an original file, the TCC is 44444 and it is your first original file, then the filename would be ORIG.44444.0001.</b></p> <p align="right">If you are sending an original, correction or test file, then <b>enter blanks.</b></p>			
376-748	Blank	373	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Sec. 7. Transmitter “T” Record - Record Layout**

Record Type	Payment Year	Prior Year Data Indicator	Transmitter’s TIN	Transmitter Control Code	Replacement Alpha Character	Blank
1	2-5	6	7-15	16-20	21-22	23-27
Test File Indicator	Foreign Entity Indicator	Transmitter Name	Transmitter Name (Continuation)	Company Name	Company Name (Continuation)	
28	29	30-69	70-109	110-149	150-189	
Company Mailing Address	Company City	Company State	Company ZIP Code	Blank	Total Number of Payees	Contact Name
190-229	230-269	270-271	272-280	281-295	296-303	304-343
Contact’s Phone Number & Extension	Magnetic Tape File Indicator	Electronic File Name For a Replacement File	Blank	Blank or CR/LF		
344-358	359-360	361-375	376-748	749-750		

**Sec. 8. Payer “A” Record - General Field Descriptions**

**.01** The Payer “A” Record identifies the person making payments, a recipient of mortgage or student loan interest payments, an educational institution, a broker, a person reporting a real estate transaction, a barter exchange, a creditor, a trustee or issuer of any IRA or MSA plan, and 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/electronic files. The Payer “A” Record also 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** When reporting Form 1098, Mortgage Interest Statement, and Form 1098-E, Student Loan Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest payment, the filer of Forms 1098 and 1098-E (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, Proceeds Form Real Estate Transactions, 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. When reporting Form 1098-T, Tuition Payments statement, the “A” Record will reflect the name and TIN of the educational institution receiving tuition payments. The “B” Record will reflect the name and TIN of the student on whose behalf the tuition is being paid.

**.05** The second 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. A separate “A” Record is required for each payer and each type of return being reported.

**.06 All records must be a fixed length of 750 positions.**

**.07** The initial record on a file must be a “T” Record followed by an “A” Record. IRS/MCC will accept an “A” Record after a “C” Record to report an additional payer or a different type of return. An “A” Record may be blocked with “B” Records. *A file format diagram is located at the end of Part E, Miscellaneous Information just before the mail labels.*

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

**.09** All alpha characters entered in the “A” Record must be uppercase.

**.10** 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 zeros in the indicated media position(s) and for the indicated length.

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**Record Name: Payer “A” Record**

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Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “A.”
2-5	Payment Year	4	<b>Required.</b> Enter “2000” (unless reporting prior year data; report the year which applies [1998, 1999, etc.]).
6-11	Blank	6	<b>Enter blanks.</b>
12-20	Payer’s Taxpayer Identification Number (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 52 of the “A” Record, must be set to “1” (one).**

21-24	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 Form 7018-C, Order Blank for Forms, and the mail label on the package contains a four (4) character name control. The MMR Package contains instructions for filing magnetically or electronically. For a business, 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. A dash (-) and an ampersand (&) are the only acceptable special characters. Names of less than four (4) characters should be left justified, filling the unused positions with blanks. The mail label on the MMR Package <b>does not</b> contain a name control. If a Package 1099 has not been received or the Payer Name Control is unknown, this field must be blank filled.
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**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks																																								
25	Last Filing Indicator	1	Enter a "1" (one) if this is the <b>last year</b> 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.																																								
26	Combined Federal/State Filer	1	<b>Required for the Combined Federal/State Filing Program.</b> 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. <b>The only forms that may be filed under the Combined Federal /State Filing Program are: Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498.</b>																																								
27	Type of Return	1	<b>Required.</b> Enter the appropriate code from the table below: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th><u>Type of Return</u></th> <th><u>Code</u></th> </tr> </thead> <tbody> <tr><td>1098</td><td>3</td></tr> <tr><td>1098-E</td><td>2</td></tr> <tr><td>1098-T</td><td>8</td></tr> <tr><td>1099-A</td><td>4</td></tr> <tr><td>1099-B</td><td>B</td></tr> <tr><td>1099-C</td><td>5</td></tr> <tr><td>1099-DIV</td><td>1</td></tr> <tr><td>1099-G</td><td>F</td></tr> <tr><td>1099-INT</td><td>6</td></tr> <tr><td>1099-LTC</td><td>T</td></tr> <tr><td>1099-MISC</td><td>A</td></tr> <tr><td>1099-MSA</td><td>M</td></tr> <tr><td>1099-OID</td><td>D</td></tr> <tr><td>1099-PATR</td><td>7</td></tr> <tr><td>1099-R</td><td>9</td></tr> <tr><td>1099-S</td><td>S</td></tr> <tr><td>5498</td><td>L</td></tr> <tr><td>5498-MSA</td><td>K</td></tr> <tr><td>W-2G</td><td>W</td></tr> </tbody> </table>	<u>Type of Return</u>	<u>Code</u>	1098	3	1098-E	2	1098-T	8	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
<u>Type of Return</u>	<u>Code</u>																																										
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1098-E	2																																										
1098-T	8																																										
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																																										
28-39	Amount Codes (See Note)	12	<b>Required.</b> 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 <b>must</b> appear in the Payee "B" Record. <b>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.</b>																																								

**Example of Amount Codes:**

If position 27 of the Payer "A" Record is "A" (for 1099-MISC) and positions 28-39 are "1247AC**b**b**b**b", this indicates the payer is reporting any or all six payment amounts (1247AC) 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 (1)** will represent rents;
- the second payment amount field (2)** will represent royalties;
- the third payment amount field (3)** will be all "0" (zeros);
- the fourth payment amount field (4)** will represent Federal income tax withheld;
- the fifth and sixth payment amount fields (5 and 6)** will be all "0" (zeros);
- the seventh payment amount field (7)** will represent nonemployee compensation;
- the eighth and ninth payment amount fields (8 and 9)** will be all "0" (zeros);

**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
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**the tenth payment amount field (A)** will represent crop insurance proceeds;  
**the eleventh payment amount field (B)** will be all "0" (zeros); and  
**the twelfth payment amount field (C)** will represent gross proceeds paid to an attorney in connection with legal services.

Enter the amount codes in **ascending sequence** (i.e., 1247AC0000), left justify information, and fill unused positions with blanks. For further clarification of the amount codes, contact IRS/MCC.

**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 appropriate paper instructions for each form.

Amount Codes **Form 1098 - Mortgage Interest Statement** For Reporting Mortgage Interest Received From Payers/Borrowers (Payer of Record) on Form 1098:

<u>Amount Code</u>	<u>Amount Type</u>
1	Mortgage interest received from payer(s)/borrower(s)
2	Points paid on purchase of principal residence
3	Refund (or credit) of overpaid interest
4	Blank (Filer's use) See <b>Note</b> .

**Note:** The interest recipient may use this field to furnish other information, such as real estate taxes or insurance paid from escrow.

Amount Codes **Form 1098-E - Student Loan Interest Statement** For Reporting Interest on Student Loans on Form 1098-E

<u>Amount Code</u>	<u>Amount Type</u>
1	Student loan interest received by lender

**Note:** Until regulations are adopted, no penalties will be imposed under IRC sections 6721 or 6722 for failure to file or furnish correct Forms 1098-E if you made a good faith effort to file and furnish them.

Amount Codes **Form 1098-T - Tuition Payments Statement** For Reporting Tuition Payments on Form 1098-T (See **Note**.)

<u>Amount Code</u>	<u>Amount Type</u>
1	For filer's use (See <b>Notes</b> .)
2	For filer's use (See <b>Notes</b> .)

**Note:** When reporting Form 1098-T, the filer must use Type of Return Code 8 in position 27, and Amount Codes 1 and 2 in positions 28 and 29 of the Payer "A" Record. However, if no money is being reported, the payment amount fields will contain zeros. There is no requirement for filers to report money amounts on Form 1098-T for Tax Year 2000.

**Note:** Until regulations are adopted, no penalties will be imposed under IRC sections 6721 or 6722 for failure to file or furnish correct Forms 1098-T if you made a good faith effort to file and furnish them.

Amount Codes **Form 1099-A - Acquisition or Abandonment of Secured Property (See **Note**.)** For Reporting the Acquisition or Abandonment of Secured Property on Form 1099A:

<u>Amount Code</u>	<u>Amount Type</u>
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 a foreclosure or abandonment of secured property for one debtor and the filer would be required to file both Forms 1099-A and 1099-C, Cancellation of Debt, the filer is

**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
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**required to file Form 1099-C only. See the 2000 "Instructions for Forms 1099-A and 1099-C" for further information on coordination with Form 1099-C.**

Amount Codes	Form 1099-B- Proceeds From Broker and Barter Exchange Transactions	For Reporting on Form 1099-B:
<u>Amount Code</u>	<u>Amount Type</u>	
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 in 2000 (See <b>Note 2.</b> )	
7	Unrealized profit (or loss) on open contracts-12/31/1999 (See <b>Note 2.</b> )	
8	Unrealized profit (or loss) on open contracts-12/31/2000 (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 report a loss from a closing transaction on a forward contract. Refer to the "B" Record - General Field Descriptions and Record Layouts, 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 <b>Note 1.</b> )	For Reporting Cancellation of Debt on Form 1099-C:
<u>Amount Code</u>	<u>Amount Type</u>	
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 a foreclosure 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. See the 2000 "Instructions for Forms 1099-A and 1099-C" for further information on coordination with Form 1099-A.

**Note 2:** Use Amount Code 7 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:
<u>Amount Code</u>	<u>Amount Type</u>	
1	Ordinary dividends	
2	Total capital gains distributions	
3	28% rate gain	
4	Unrecaptured section 1250 gain	
5	Section 1202 gain	
6	Nontaxable distributions	
7	Federal income tax withheld (backup withholding)	
8	Investment expenses	
9	Foreign tax paid	
A	Cash liquidation distribution	

See the 2000 "Instructions for Form 1099-DIV" for further information.

**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
		B	Noncash liquidation distribution
Amount Codes	<b>Form 1099-G-</b> Certain Government and Qualified State Tuition Program Payments		For Reporting Payments on Form 1099-G:
		<b>Amount Code</b>	<b>Amount Type</b>
		1	Unemployment compensation
		2	State or local income tax refunds, credits, or offsets
		4	Federal income tax withheld (backupwithholding or voluntary withholding on unemployment compensation or Commodity Credit Corporation Loans, or certain crop disaster payments)
		5	Qualified state tuition program earnings
		6	Taxable grants
		7	Agriculture payments
Amount Codes	<b>Form 1099-INT-</b> Interest Income		For Reporting Payments on Form 1099-INT:
		<b>Amount Code</b>	<b>Amount Type</b>
		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 (backupwithholding)
		5	Investment expenses
		6	Foreign tax paid
Amount Codes	<b>Form 1099-LTC-</b> Long-Term Care and Accelerated Death Benefits		For Reporting Payments on Form 1099-LTC:
		<b>Amount Code</b>	<b>Amount Type</b>
		1	Gross long-term care benefits paid
		2	Accelerated death benefits paid
Amount Codes	<b>Form 1099-MISC-</b> Miscellaneous Income (See <b>Note 1.</b> )		For Reporting Payments on Form 1099-MISC:
		<b>Amount Code</b>	<b>Amount Type</b>
		1	Rents
		2	Royalties (See <b>Note 2.</b> )
		3	Other income
		4	Federal income tax withheld (backup withholding or withholding on Indian gaming profits)
		5	Fishing boat proceeds
		6	Medical and health care payments
		7	Nonemployee compensation
		8	Substitute payments in lieu of dividends or interest
		A	Crop insurance proceeds
		B	Excess golden parachute payments
		C	Gross proceeds paid to an attorney in connection with legal services

**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
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☛ **Note 1: If reporting the Direct Sales Indicator only in position 547 of the Payee "B" Record, use Type of Return Code A for 1099-MISC in position 27, and Amount Code 1 in position 28 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.**

Amount Codes **Form 1099-MSA-**  
Distributions From an MSA or  
Medicare+Choice MSA

For Reporting Distributions from a Medical  
Savings Account or Medicare+Choice MSA  
on Form 1099-MSA:

**Amount**

<u>Code</u>	<u>Amount Type</u>
1	Gross distribution
2	Earnings on excess contributions
4	Fair market value of the account on date of death

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

For Reporting Payments on Form 1099OID:

**Amount**

<u>Code</u>	<u>Amount Type</u>
1	Original issue discount for 2000
2	Other periodic interest
3	Early withdrawal penalty
4	Federal income tax withheld (backup withholding)
6	Original issue discount on U.S. Treasury obligations (See <b>Note.</b> )
7	Investment expenses (See <b>Note.</b> )

☛ **Note: See the 2000 "Instructions for Forms 1099-INT and 1099-OID" for further reporting information.**

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

For Reporting Payments on Form 1099-PATR:

**Amount**

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

**Pass-Through Credits (See Note.)**

6	For filer's use for pass-through credits
7	Investment credit
8	Work opportunity credit
9	Patron's alternative minimum tax (AMT) adjustment

☛ **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 may be reported in Amount Code 6. The title of the credit reported in Amount Code 6 may 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.**

**Record Name: Payer “A” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
	Amount Codes <b>Form 1099-R</b> - Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		For Reporting Payments on Form 1099-R:
			<b>Amount Code</b>
			<b>Amount Type</b>
		1	Gross distribution (See <b>Note 1.</b> )
		2	Taxable amount (See <b>Note 2.</b> )
		3	Capital gain (included in Amount Code 2)
		4	Federal income tax withheld (See <b>Note 3.</b> )
		5	Employee contributions or insurance premiums
		6	Net unrealized appreciation in employer’s securities
		8	Other
		9	Total employee contributions
		A	Traditional IRA/SEP/SIMPLE distribution or <i>Roth conversion</i> (See <b>Note 4.</b> )

☛ **Note 1:** If the payment shown for Amount Code 1 is a total distribution, enter a “1” (one) in position 549 of the “B” Record. An amount must be shown in Payment Amount Field 1 unless reporting an amount ONLY in Payment Amount Field 8. 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 Payment Amount Field 1, enter “0” (zero) in Payment Amount Field 2, and enter the employee’s contributions in Payment Amount Field 5.

☛ **Note 2:** If the taxable amount cannot be determined, enter a “1” (one) in position 547 of the “B” Record. For a traditional IRA, SEP, or SIMPLE distribution, generally enter in Payment Amount Field A the same amount entered in Payment Amount Field 1.

☛ **Note 3:** See the 2000 “Instructions for Forms 1099-R and 5498” for information concerning Federal income tax withheld for Form 1099-R.

☛ **Note 4:** For Form 1099-R, report the *Roth conversion* or total amount distributed from an IRA, SEP, or SIMPLE in Payment Amount Field A (IRA/SEP/SIMPLE distribution or *Roth conversion*), Field Positions 163-174 of the Payee “B” Record, and generally, the same amount in Payment Amount Field 1 (Gross Distribution), Field Positions 55-66 of the Payee “B” Record. Amount Code A was created to identify the distribution as an IRA/SEP/SIMPLE or *Roth conversion*. The IRA/SEP/SIMPLE indicator should be set in Field Position 548 of the Payee “B” Record and the money should be reported in Payment Field A as well as Payment Field 1 of the Payee “B” Record; but, not in Payment Amount Field 2.

	Amount Codes <b>Form 1099-S</b> - Proceeds From Real Estate Transactions		For Reporting Payments on Form 1099-S:
			<b>Amount Code</b>
			<b>Amount Type</b>
		2	Gross proceeds (See <b>Note.</b> )
		5	Buyer’s part of real estate tax

☛ **Note:** Include payments of timber royalties made under a “pay-as-cut” contract, reportable under IRC section 6050N. If timber royalties are being reported, enter “TIMBER” in the description field of the “B” record.

	Amount Codes <b>Form 5498</b> - IRA Contribution Information (See <b>Note 1.</b> )		For Reporting Information on Form 5498:
			<b>Amount Code</b>
			<b>Amount Type</b>
		1	IRA contributions (other than amounts in Amount Codes 2, 3, 7, 8, 9, and A) (See <b>Note 3.</b> )
		2	Rollover contributions
		3	Roth conversion amount



**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
		4	Fair market value of account
		5	Life insurance cost included in Amount Code 1
		7	SEP contributions
		8	SIMPLE contributions
		9	Roth IRA contributions
		A	Education IRA contributions

☛ **Note 1:** For information regarding Inherited IRAs, refer to the 2000 "Instructions for Forms 1099-R and 5498" 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.

☛ **Note 2:** If reporting IRA contributions for a participant in a military operation see 2000 "Instructions for Forms 1099-R and 5498".

☛ **Note 3:** Also include employee contributions to an IRA under a SEP plan but not salary reduction contributions. **DO NOT include EMPLOYER contributions;** these are included in Amount Code 7.

Amount Codes **Form 5498-MSA-**  
MSA or Medicare+Choice MSA  
Information

For Reporting Information on 5498-MSA:

<u>Amount Code</u>	<u>Amount Type</u>
1	Employee or self-employed person's MSA contributions made in 2000 and 2001 for 2000
2	Total contributions made in 2000
3	Total MSA contributions made in 2001 for 2000
4	Rollover contributions (See <b>Note 1.</b> )
5	Fair market value of MSA or M+C MSA (See <b>Note 2.</b> )

☛ **Note 1:** This is the amount of any rollover made to this MSA in 2000 after a distribution from another MSA. For detailed information on reporting, see the 2000 "Instructions for Forms 1099-R, 5498 and 5498-MSA."

☛ **Note 2:** This is the fair market value (FMV) of the account on December 31, 2000.

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

For Reporting Payments on Form W-2G:

<u>Amount Code</u>	<u>Amount Type</u>
1	Gross winnings
2	Federal income tax withheld
7	Winnings from identical wagers

40-47	Blank	8	<b>Enter blanks.</b>
48	Original File Indicator	1	<b>Required for original files only.</b> Enter "1" (one) if the information is original data. Otherwise, <b>enter a blank.</b>
49	Replacement File Indicator	1	<b>Required for replacement files only.</b> Enter "1" (one) if the purpose of this file is to replace a file that IRS/MCC returned to the transmitter due to errors encountered in processing. This is a file that has not been successfully processed by IRS. Otherwise, <b>enter a blank.</b>

If selecting the Replacement File Indicator in Position 49, Field Positions 48 and 50 must be blank. **Only one** indicator may be selected for each Payer "A" Record.

**Record Name: Payer “A” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks						
50	Correction File Indicator	1	<b>Required for correction files only.</b> Enter “1” (one) if the purpose of this file is to correct information which was previously submitted to IRS/MCC, was processed, but contained erroneous information. Do not submit original information as corrections. Any information return which was inadvertently omitted from a file must be submitted as original. Otherwise, <b>enter a blank.</b>						
51	Blank	1	<b>Enter a blank.</b>						
52	Foreign Entity Indicator	1	Enter a “1” (one) if the payer is a foreign entity and income is paid by the foreign entity to a U. S. resident. If the payer is not a foreign entity, <b>enter a blank .</b>						
53-92	First Payer Name Line	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 12-20 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.)						
93-132	Second Payer Name Line	40	If the Transfer (or Paying) Agent Indicator (position 133) 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.						
133	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.)						
			<table border="0"> <thead> <tr> <th align="left"><u>Code</u></th> <th align="left"><u>Meaning</u></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>The entity in the Second Payer Name Line Field is the transfer (or paying) agent.</td> </tr> <tr> <td>0 (zero)</td> <td>The entity shown is <b>not</b> the transfer (or paying) agent (i.e., the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).</td> </tr> </tbody> </table>	<u>Code</u>	<u>Meaning</u>	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.e., the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).
<u>Code</u>	<u>Meaning</u>								
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.e., the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).								
134-173	Payer Shipping Address	40	<b>Required.</b> If the Transfer Agent Indicator in position 133 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.						
174-213	Payer City	40	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a “1” (one), enter the city, town, or post office of the transfer agent. Otherwise, enter the city, town,						

**For U.S. addresses,** the payer city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. **Filers must adhere to the correct format for the payer city, state, and ZIP Code.**

**For foreign addresses,** filers may use the payer city, state, and ZIP Code as a continuous 51 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 52 must contain a “1” (one).

**Record Name: Payer "A" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
			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.
214-215	Payer State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations. Refer to the chart of valid state abbreviations in Part A, Sec.18.
216-224	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 52 of the "A" Record.
225-239	Payer's Phone Number & Extension	15	Enter the payer's phone number and extension.
240-748	Blank	509	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Sec. 9. Payer "A" Record - Record Layout**

Record Type	Payment Year	Blank	Payer's TIN	Payer Name Control	Last Filing Indicator	
1	2-5	6-11	12-20	21-24	25	
Combined Federal/State Filer	Type of Return	Amount Codes	Blank	Original File Indicator	Replacement File Indicator	Correction File Indicator
26	27	28-39	40-47	48	49	50
Blank	Foreign Entity Indicator	First Payer Name Line	Second Payer Name Line	Transfer Agent Indicator	Payer Shipping Address	
51	52	53-92	93 -132	133	134-173	
Payer City	Payer State	Payer ZIP Code	Payer's Phone Number and	Blank Extension	Blank or CR/LF	
174-213	214-215	216-224	225-239	240-748	749-750	

**Sec. 10. 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 750 positions. The record layout for field positions 1 through 543 is the same for all types of returns. Field positions 544 through 750 vary for each type of return to accommodate special fields for individual forms. In the "A" Record, the amount codes that appear in field positions 28 through 39 will be left-justified and filled with blanks. In the "B" Record, the filer **must** allow for all twelve 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 27 of the "A" Record, Type of Return. If reporting payments for Amount Codes 1, 2, 4, 7, A and C, the payer would report field positions 28 through 39 of the "A" Record as "1247AC**bb**." (In this example, "b" denotes blanks. Do not enter the letter "b".) In the "B" Record:

- Positions 55 through 66 for Payment Amount 1** will represent rents.
- Positions 67-78 for Payment Amount 2** will represent royalties.
- Positions 79-90 for Payment Amount 3** will be “0’s” (zeros).
- Positions 91-102 for Payment Amount 4** will represent Federal income tax withheld.
- Positions 103-126 for Payment Amounts 5 and 6** will be “0’s” (zeros).
- Positions 127-138 for Payment Amount 7** will represent nonemployee compensation.
- Positions 139-162 for Payment Amounts 8 and 9** will be “0’s” (zeros).
- Positions 163-174 for Payment Amount A** will represent crop insurance proceeds.
- Positions 175-186 for Payment Amount B** will be “0’s” (zeros).
- Positions 187-198 for Payment Amount C** will represent gross proceeds paid to an attorney in connection with legal services.

**.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;

- (a) 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 identifying the correct name control:
  - (1) 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.
  - (2) In the case of multiple payees, only the surname of the payee whose TIN (SSN, EIN, ITIN, or ATIN) 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.

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

**.04** 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 field position(s) and for the indicated length.

**.05 All records must be a fixed length of 750 positions.**

**.06** 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. This field will not affect the processing of the “B” Records.

**.07** Following the Special Data Entries Field in the “B” Record, payment fields have been allocated for State Income Tax Withheld and Local Income Tax Withheld. These fields are for the convenience of the filers. The information will not be used by IRS/MCC.

**.08** 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, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-LTC, 1099-MSA, 1099-S, 5498-MSA, and W-2G under the Combined Federal/State Filing Program.

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

**.10 Do not** use decimal points (.) to indicate dollars and cents. Ten dollars must appear as 000000001000 in the payment amount field.

**.11** 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.

**.12** When reporting Form 1098, Mortgage Interest Statement and Form 1098-E, Student Loan Interest Statement, the “A” Record will reflect the name and TIN of the recipient of the interest or payment, the filer of the Forms 1098 and 1098-E (the payer). The “B” Record will reflect the individual paying the interest (borrower/payer of record) and the amount paid. For Form 1099-S, Proceeds From Real Estate Transactions, 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. When reporting Form 1098-T, Tuition Payments Statement, the “A” Record will reflect the name and TIN of the educational institution receiving tuition payments. The “B” Record will reflect the name and TIN of the student on whose behalf the tuition is being paid.

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**Record Name: Payee “B” Record**

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Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “B.”
2-5	Payment Year	4	<b>Required.</b> Enter “2000” (unless reporting prior year data; report the year which applies [1998, 1999, etc.]).
6	Corrected Return Indicator	1	<b>Required for corrections only.</b> Indicates a corrected return.

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title (See Note.)	Length	Description and Remarks	
			<u>Code</u>	<u>Definition</u>
			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.**

7-10	Name Control	4	If determinable, enter the first four characters of the surname of the person whose TIN is being reported in positions 12-20 of the “B” Record; otherwise, <b>enter blanks</b> . 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 characters should be leftjustified, 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. A dash (-) 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. <i>For a sole proprietorship use the name of the owner to create the name control and report the owner’s name in positions 248 – 287, First Payer Name Line.</i>	
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☛ **Note: Imbedded blanks, extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., period [.] , apostrophe [‘]) should be removed from the Payee Name Lines. This information may be dropped during subsequent processing at IRS/MCC. A dash (-) and an ampersand (&) are the only acceptable special characters.**

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

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

**Record Name: Payee "B" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
	Mark <b>D'Allesandro</b>	DALL	
Corporations:			
	The <b>Firs</b> t National Bank	FIRS	
	<b>The Hi</b> deaway	THEH	
	<b>A &amp; B</b> Cafe	A&BC	
	<b>11TH</b> Street Inc.	11TH	
Sole Proprietor:			
	Mark <b>Hem</b> lock		
	DBA The Sunshine Club	HEML	
Partnership:			
	Robert <b>Aspen</b>		
	and Bess Willow	ASPE	
	Harold <b>Fir</b> , Bruce Elm,		
	and Joyce Spruce et al Ptr	FIR*	
Estate:			
	Frank <b>White</b> Estate	WHIT	
	Estate of Sheila <b>Blue</b>	BLUE	
Trusts and Fiduciaries:			
	<b>Daisy</b> Corporation Employee		
	Benefit Trust	DAIS	
	Trust FBO The <b>Cherry</b> blossom		
	Society	CHER	
Exempt Organization:			
	<b>Laborer's</b> Union, AFL-CIO	LABO	
	<b>St. Bernard's</b> Methodist		
	Church Bldg. Fund	STBE	

\*Name Controls of less than four 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.

11	Type of TIN	1	This field is used to identify the Taxpayer Identification Number (TIN) in positions 12-20 as either an Employer Identification Number (EIN), a Social Security Number (SSN), an Individual Taxpayer Identification Number (ITIN) or an Adoption Taxpayer Identification Number (ATIN). Enter the appropriate code from the following table:
		<b>Code</b>	<b>Type of TIN</b>
		1	EIN
		2	SSN
			or
		2	ITIN
			or
		2	ATIN
		Blank	N/A
			<b>Type of Account</b>
			A business, organization, sole proprietor, or other entity
			An individual, including a sole proprietor
			An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN
			An adopted individual prior to the assignment of a social security number
			If the type of TIN is not determinable, enter a blank.
12-20	Payee's Taxpayer Identification Number (TIN)	9	<b>Required.</b> Enter the nine digit Taxpayer Identification Number of the payee (SSN, ITIN, ATIN, or EIN). If an identification number has been applied for but not received, <b>enter blanks</b> . Do not enter hyphens or alpha characters. All zeros, ones, twos, etc., will have the effect of an incorrect TIN. If the TIN is not available, <b>enter blanks</b> . (See <b>Note</b> .)

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
<p><b>Note:</b> 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 CP2100A Notices) or penalties for missing or incorrect TINs.</p>			
21-40	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.
41-44	Payer’s Office Code	4	Enter office code of payer; otherwise, <b>enter blanks</b> . For payers with multiple locations, this field may be used to identify the location of the office submitting the information return. <i>This code will also appear on backup withholding notices.</i>
45-54	Blank Payment Amount Fields (Must be numeric) (See <b>Note.</b> )	10	<b>Enter blanks.</b> <b>Required. Filers should allow for all payment amounts. For those not used, enter zeros.</b> For example: If position 27, Type of Return, of the “A” Record, is “A” (for 1099-MISC) and positions 28-39, Amount Codes, are “1247AC <b>bbbb</b> ”, this indicates the payer is reporting any or all six payment amounts 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; Payment Amounts 8 and 9 will be all “0’s” (zeros); Payment Amount A will represent crop insurance proceeds; Payment Amount B will be all “0’s” (zeros); and Payment Amount C will represent gross proceeds paid to an attorney in connection with legal services. Each payment field must contain 12 numeric characters. 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 1099B. Positive and negative amounts are indicated by placing a “+” (plus) or “-” (minus) sign in the left-most

**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
			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. <b>Federal income tax withheld cannot be reported as a negative amount on any form.</b>
<p>⚡ <b>Note: Filers must enter numeric information in all payment fields when filing magnetically or electronically. However, when reporting information on the statement to the recipient, the payer may be instructed to leave a box blank. Follow the guidelines provided in the paper instructions for the statement to the recipient.</b></p>			
55-66	Payment Amount 1*	12	The amount reported in this field represents payments for Amount Code 1 in the “A” Record.
67-78	Payment Amount 2*	12	The amount reported in this field represents payments for Amount Code 2 in the “A” Record.
79-90	Payment Amount 3*	12	The amount reported in this field represents payments for Amount Code 3 in the “A” Record.
91-102	Payment Amount 4*	12	The amount reported in this field represents payments for Amount Code 4 in the “A” Record.
103-114	Payment Amount 5*	12	The amount reported in this field represents payments for Amount Code 5 in the “A” Record.
115-126	Payment Amount 6*	12	The amount reported in this field represents payments for Amount Code 6 in the “A” Record.
127-138	Payment Amount 7*	12	The amount reported in this field represents payments for Amount Code 7 in the “A” Record.
139-150	Payment Amount 8*	12	The amount reported in this field represents payments for Amount Code 8 in the “A” Record.
151-162	Payment Amount 9*	12	The amount reported in this field represents payments for Amount Code 9 in the “A” Record.
163-174	Payment Amount A*	12	The amount reported in this field represents payments for Amount Code A in the “A” Record.
175-186	Payment Amount B*	12	The amount reported in this field represents payments for Amount Code B in the “A” Record.
187-198	Payment Amount C*	12	The amount reported in this field represents payments for Amount Code C in the “A” Record.
<p><b>*If there are discrepancies between the payment amount fields and the boxes on the paper forms, the instructions in this Revenue Procedure govern.</b></p>			
199-246	Reserved	48	<b>Enter blanks.</b>
247	Foreign Country Indicator	1	<b>If the address of the payee is in a foreign country, enter a “1” (one) in this field; otherwise, enter blank.</b> 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.
248-287	First Payee Name Line (See Notes.)	40	<b>Required.</b> Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number (TIN) was provided in positions 12-20 of the “B” Record. Left justify and fill unused positions with blanks. If more space is required for the name, use the Second Payee Name Line Field. The names of any other payees



**Record Name: Payee “B” Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
			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, preferably on the First Payee Name Line. The use of the business name is optional in the Second Payee Name Line Field. End the First Payee Name Line with a full word. Do not split words.
<p>⚡ <b>Note 1: Extraneous words, titles, and special characters (i.e., Mr., Mrs., Dr., period, apostrophe) should be removed from the Payee Name Lines. This information may be dropped during subsequent processing at IRS/MCC. A dash and an ampersand are the only acceptable special characters.</b></p>			
<p>⚡ <b>Note 2: On Form 5498, for 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 2000 “Instructions for Forms 1099-R and 5498.” The beneficiary’s TIN must be reported in positions 12-20 of the “B” Record.</b></p>			
<p>⚡ <b>Note 3: When reporting Form 1099-LTC, Long-Term Care and Accelerated Death Benefits, the Payee Name Line of the “B” Record will reflect the policyholder. The name of the insured will be reported in Field Positions 557-596 of the Payee “B” Record.</b></p>			
288-327	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 positions 12-20 of the “B” Record, or if not enough space was provided in the First Payee Name Line, continue the name in this field. <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 associated with the TIN. Left justify and fill unused positions with blanks. <b>Fill with blanks if no entries are present for this field.</b>
328-367	Blank	40	<b>Enter blanks.</b>
368-407	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.
<p><b>For U.S. addresses,</b> the payee city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. <b>Filers must adhere to the correct format for the payee city, state, and ZIP code.</b></p> <p><b>For foreign addresses,</b> filers may use the payee city, state, and ZIP Code as a continuous 51 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 247 must contain a “1” (one).</p>			
408-447	Blank	40	<b>Enter blanks.</b>
448-487	Payee City	40	<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.
488-489	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.
490-498	Payee ZIP Code	9	<b>Required.</b> Enter the valid ZIP Code (nine or five digit) assigned by the U.S. Postal Service. If only the first five digits are known, left justify information and fill

**Record Name: Payee "B" Record (Continued)**

Field Position	Field Title	Length	Description and Remarks
			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, located in position 247 of the "B" Record.
499-543	Blank	45	<b>Enter blanks.</b>

**Standard Payee "B" Record Format For  
All Types of Returns, Positions 1-543**

Record Type	Payment Year	Corrected Return Indicator	Name Control	Type of TIN	Payee's TIN	Payer's Account Number
1	2-5	6	7-10	11	12-20	21-40
Payer's Office Code	Blank	Payment Amount 1	Payment Amount 2	Payment Amount 3	Payment Amount 4	Payment Amount 5
41-44	45-54	55-66	67-78	79-90	91-102	103-114
Payment Amount 6	Payment Amount 7	Payment Amount 8	Payment Amount 9	Payment Amount A	Payment Amount B	
115-126	127-138	139-150	151-162	163-174	175-186	
Payment Amount C	Reserved	Foreign Country Indicator	First Payee Name Line	Second Payee Name Line	Blank	
187-198	199-246	247	248-287	288-327	328-367	
Payee Mailing Address	Blank	Payee City	Payee State	Payee ZIP Code	Blank	
368-407	408-447	448-487	488-489	490-498	499-543	

The following sections define the field positions for the different types of returns in the Payee "B" Record (positions 544-750):

- (1) **Forms 1098, 1098-E**
- (2) **Form 1098-T**
- (3) **Form 1099-A**
- (4) **Form 1099-B**
- (5) **Form 1099-C**
- (6) **Form 1099-DIV\***
- (7) **Form 1099-G\***
- (8) **Form 1099-INT\***
- (9) **Form 1099-LTC**
- (10) **Form 1099-MISC\***
- (11) **Form 1099-MSA**
- (12) **Form 1099-OID\***
- (13) **Form 1099-PATR\***
- (14) **Form 1099-R\***
- (15) **Form 1099-S**
- (16) **Form 5498\***

(17) Form 5498-MSA

(18) Form W-2G

\*These forms may be filed through the Combined Federal/State Filing Program. IRS/MCC will forward these records to participating states for filers who have been approved for the program. See Part A, Sec. 16, for information about the program, including specific codes for the record layouts.

(1) Payee "B" Record - Record Layout Positions 544-750 for Forms 1098 and 1098-E

Field Position	Field Title	Length	Description and Remarks
544-662	Blank	119	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-748	Blank	26	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

Payee "B" Record Record Layout Positions 544-750  
Forms 1098 and 1098-E

Blank	Special Data Entries	Blank	Blank or CR/LF
544-662	663-722	723-748	749-750

Note: Until regulations are adopted, no penalties will be imposed under IRC sections 6721 or 6722 for failure to file or furnish correct Forms 1098-E or 1098-T if you made a good faith effort to file and furnish them.

(2) Payee "B" Record - Record Layout Positions 544-750 for Form 1098-T

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks.</b>
547	Half-time Student Indicator	1	Enter "1" (one) if the student was at least a half-time student during any academic period that began in 2000. Otherwise, <b>enter a blank.</b>
548	Graduate Student Indicator	1	Enter "1" (one) if the student is enrolled exclusively in a graduate level program. Otherwise, <b>enter a blank.</b>
549-662	Blank	114	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-748	Blank	26	<b>Enter blanks</b>
749-750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record Record Layout Positions 544-750  
Form 1098-T**

Blank	Half-time Student Indicator	Graduate Student Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
544-546	547	548	549-662	663-722	723-748	749-750

**(3) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-A**

Field Position	Field Title	Length	Description and Remarks						
544-546	Blank	3	<b>Enter blanks.</b>						
547	Personal Liability Indicator	1	Enter the appropriate indicator from the table below:  <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u><b>Indicator</b></u></td> <td style="text-align: center;"><u><b>Usage</b></u></td> </tr> <tr> <td style="text-align: center;">1</td> <td>Borrower was personally liable for repayment of the debt.</td> </tr> <tr> <td style="text-align: center;">Blank</td> <td>Borrower was not personally liable for repayment of the debt.</td> </tr> </table>	<u><b>Indicator</b></u>	<u><b>Usage</b></u>	1	Borrower was personally liable for repayment of the debt.	Blank	Borrower was not personally liable for repayment of the debt.
<u><b>Indicator</b></u>	<u><b>Usage</b></u>								
1	Borrower was personally liable for repayment of the debt.								
Blank	Borrower was not personally liable for repayment of the debt.								
548-555	Date of Lender’s Acquisition or Knowledge of Abandonment	8	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 YYYYMMDD (e.g., 20001022). <b>Do not enter hyphens or slashes.</b>						
<p>☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 1, 2000, would be 20000101. Do not enter blanks, alphas or special characters.</p>									
556-594	Description of Property	39	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 (e.g., Car-1999 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.						
595-662	Blank	68	<b>Enter blanks.</b>						
663-722	Special Data Entries	60	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>						
723-748	Blank	26	<b>Enter blanks.</b>						
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.						

**Payee “B” Record Record Layout Positions 544-750  
Form 1099-A**

Blank	Personal Liability Indicator	Date of Lender’s Acquisition or Knowledge of Abandonment	Description of Property	Blank
544-546	547	548-555	556-594	595-662

Special Data Entries	Blank	Blank or CR/LF
663-722	723-748	749-750

**(4) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-B**

Field Position	Field Title	Length	Description and Remarks						
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>						
545-546	Blank	2	<b>Enter blanks.</b>						
547	Gross Proceeds Indicator	1	Enter the appropriate indicator from the following table, to identify the amount reported in Amount Code 2; otherwise, <b>enter blanks.</b>  <table border="0"> <tr> <td><b>Indicator</b></td> <td><b>Usage</b></td> </tr> <tr> <td>1</td> <td>Gross proceeds</td> </tr> <tr> <td>3</td> <td>Gross proceeds less commissions and options premiums</td> </tr> </table>	<b>Indicator</b>	<b>Usage</b>	1	Gross proceeds	3	Gross proceeds less commissions and options premiums
<b>Indicator</b>	<b>Usage</b>								
1	Gross proceeds								
3	Gross proceeds less commissions and options premiums								
548-555	Date of Sale	8	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 in the format YYYYMMDD (e.g., 20001022). Enter blanks if this is an aggregate transaction. <b>Do not enter hyphens or slashes.</b>						
☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 2000 would be 20000102. Do not enter blanks, alphas or special characters.									
556-568	CUSIP Number	13	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 “0s” (zeros) if the number is not available. Right justify information and fill unused positions with blanks.						
569-607	Description	39	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. For bartering transactions, show the services or property provided.						
608-662	Blank	55	<b>Enter blanks.</b>						
663-722	Special Data Entries	60	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						

**(4) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-B (Continued)**

Field Position	Field Title	Length	Description and Remarks
723-734	State Income Tax Withheld	12	state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks</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.
735-746	Local Income Tax Withheld	12	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.
747-748	Blank	2	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record Record Layout Positions 544-750 for Form 1099-B**

Second TIN Notice (Optional)	Blank	Gross Proceed Indicator	Date of Sale	CUSIP Number	Description
544	545-546	547	548-555	556-568	569-607
Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
608-662	663-722	723-734	735-746	747-748	749-750

**(5) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-C**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks.</b>
547	Bankruptcy Indicator	1	Enter “1” (one) to indicate the debt was discharged in bankruptcy, if known. Otherwise, <b>enter a blank</b> .
548-555	Date Canceled	8	Enter the date the debt was canceled in the format of YYYYMMDD (e.g., 20001022). <b>Do not enter hyphens or slashes.</b>
<p>☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 2000 would be 20000102. Do not enter blanks, alphas or special characters.</p>			
556-594	Debt Description	39	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.
595-662	Blank	68	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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

**(5) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-C (Continued)**

Field Position	Field Title	Length	Description and Remarks
			state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723-748	Blank	26	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099C**

Blank	Bankruptcy Indicator	Date Canceled	Debt Description	Blank	Special Data Entries
544-546	547	548-555	556-594	595-662	663-722

Blank	Blank or CR/LF
723-748	749-750

**(6) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-DIV**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>
545-546	Blank	2	<b>Enter blanks.</b>
547-586	Foreign Country or U.S. Possession	40	Enter the name of the foreign country or U.S. possession to which the withheld foreign tax (Amount Code 9) applies. Otherwise, <b>enter blanks.</b>
587-662	Blank	76	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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.
747-748	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 pro-

**(6) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-DIV (Continued)**

Field Position	Field Title	Length	Description and Remarks
749-750	Blank	2	gram, <b>enter blanks.</b> <b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750  
for Form 1099-DIV**

Second TIN Notice (Optional)	Blank	Foreign Country or U.S. Possession	Blank	Special Data Entries
544	545-546	547-586	587-662	663-722

State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
723-734	735-746	747-748	749-750

**(7) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-G**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks.</b>
547	Trade or Business Indicator	1	Enter “1” (one) to indicate the state or local income tax refund, credit, or offset (Amount Code 2) is attributable to income tax that applies exclusively to income from a trade or business. <b>Indicator</b> <b>Usage</b> 1                      Income tax refund applies exclusively to a trade or business. Blank                Income tax refund is a general tax refund.
548-551	Tax Year of Refund	4	Enter the tax year for which the refund, credit, or offset (Amount Code 2) was issued. <b>The tax year must reflect the year for which the payment was made, not the tax year of the Form 1099-G. The tax year must be in the four position format of YYYY (e.g., 1998).</b> The valid range of years for the refund is 1990 through 1999.
552-662	Blank	111	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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. You may enter your routing and transit number (RTN) here. If this field is not utilized, <b>enter blanks.</b>
723-734	State Income Tax Withheld	12	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.



**(7) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-G (Continued)**

Field Position	Field Title	Length	Description and Remarks
735-746	Local Income Tax Withheld	12	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.
747-748	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> .
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-G**

Blank	Trade or Business Indicator	Tax Year of Refund	Blank	Special Data Entries	State Income Tax Withheld
544-546	547	548-551	552-662	663-722	723-734

Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
735-746	747-748	749-750

**(8) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-INT**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank</b> .
545-546	Blank	2	<b>Enter blanks</b> .
547-586	Foreign Country or U.S. Possession	40	Enter the name of the foreign country or U.S. possession to which the withheld foreign tax (Amount Code 9) applies. Otherwise, <b>enter blanks</b> .
587-662	Blank	76	<b>Enter blanks</b> .
663-722	Special Data Entries	60	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. You may enter your routing and transit number (RTN) here. If this field is not utilized, <b>enter blanks</b> .
723-734	State Income Tax Withheld	12	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.

**(8) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-INT (Continued)**

Field Position	Field Title	Length	Description and Remarks
735-746	Local Income Tax Withheld	12	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.
747-748	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> .
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-INT**

Second TIN Notice (Optional)	Blank	Foreign Country or U.S. Possession	Blank	Special Data Entries	State Income Tax Withheld
544	545-546	547-586	587-662	663-722	723-734

Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
735-746	747-748	749-750

**(9) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-LTC**

Field Position	Field Title	Length	Description and Remarks						
544-546	Blank	3	<b>Enter blanks</b> .						
547	Type of Payment Indicator	1	Enter the appropriate indicator from the following table; otherwise, <b>enter blanks</b> .  <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Indicator</u></th> <th style="text-align: left;"><u>Usage</u></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Per diem</td> </tr> <tr> <td>2</td> <td>Reimbursed amount</td> </tr> </tbody> </table>	<u>Indicator</u>	<u>Usage</u>	1	Per diem	2	Reimbursed amount
<u>Indicator</u>	<u>Usage</u>								
1	Per diem								
2	Reimbursed amount								
548-556	Social Security Number of Insured	9	<b>Required.</b> Enter the Social Security Number of the insured.						
557-596	Name of Insured	40	<b>Required.</b> Enter the name of the insured.						
597-636	Address Insured	40	<b>Required.</b> Enter the address of the insured. Street address should include number, street, apartment or suite number (or P.O. Box if 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 payee’s address.						

**(9) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-LTC (Continued)**

Field Position	Field Title	Length	Description and Remarks						
<p><b>For U.S. addresses</b>, the payee city, state, and ZIP Code must be reported as a 40, 2, and 9 position field, respectively. <b>Filers must adhere to the correct format for the insured’s city, state, and ZIP Code.</b></p> <p><b>For foreign addresses</b>, filers may use the insured’s city, state, and ZIP Code as a continuous 51 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 247 must contain a “1” (one).</p>									
637-676	City of Insured	40	<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.						
677-678	State of Insured	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.						
679-687	ZIP Code of Insured	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 Country Indicator, located in position 247 of the “B” Record.						
688	Status of Illness Indicator (Optional)	1	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><b>Indicator</b></th> <th><b>Usage</b></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Chronically ill</td> </tr> <tr> <td>2</td> <td>Terminally ill</td> </tr> </tbody> </table>	<b>Indicator</b>	<b>Usage</b>	1	Chronically ill	2	Terminally ill
<b>Indicator</b>	<b>Usage</b>								
1	Chronically ill								
2	Terminally ill								
689-696	Date Certified (Optional)	8	Enter the latest date of a doctor’s certification of the status of the insured’s illness. The format of the date is YYYYMMDD (e.g., 20001022).						
<p>☛ For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 2000 would be 20000102. Do not enter blanks, alphas or special characters</p>									
697-722	Blank	26	<b>Enter blanks.</b>						
723-734	State Income Tax Withheld	12	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.						
735-746	Local Income Tax Withheld	12	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.						
747-748	Blank	2	<b>Enter blanks.</b>						
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.						

**Payee “B” Record—Record Layout Positions 544-750  
for Form 1099-LTC**

Blank	Type of Payment Indicator	SSN of Insured	Name of Insured	Address of Insured	City of Insured	State of Insured	ZIP Code of Insured
544-546	547	548-556	557-596	597-636	637-676	677-678	679-687

Status of Illness Indicator (Optional)	Date Certified (Optional)	Blank	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
688	689-696	697-722	723-734	735-746	747-748	749-750

**(10) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MISC**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>
545-546	Blank	2	<b>Enter blanks.</b>
547	Direct Sales Indicator (See Note.)	1	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, <b>enter a blank.</b>

**Note:** If reporting a direct sales indicator only, use Type of Return “A” in Field Position 27, and Amount Code 1 in Field Position 28 of the Payer “A” Record. All payment amount fields in the Payee “B” Record will contain zeros.

548-662	Blank	115	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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.
747-748	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>

**(10) Payee "B" Record - Record Layout Positions 544-750 for Form 1099-MISC (Continued)**

Field Position	Field Title	Length	Description and Remarks
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee "B" Record - Record Layout Positions 544-750 for Form 1099-MISC**

Second TIN Notice (Optional)	Blank	Direct Sales Indicator	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld
544	545-546	547	548-662	663-722	723-734	735-746

Combined Federal/State Code	Blank or CR/LF
747-748	749-750

**(11) Payee "B" Record - Record Layout Positions 544-750 for Form 1099-MSA**

Field Position	Field Title	Length	Description and Remarks
544	Blank	1	<b>Enter blank.</b>
545	Distribution Code	1	<b>Required.</b> Enter the applicable code to indicate the type of payment: <b>Code</b> <b>Category</b> 1        Normal distribution 2        Excess contributions 3        Disability 4        Death distribution other than code 6 (This includes distributions to a spouse, nonspouse, or estate beneficiary in the year of death and to an estate after the year of death.) 5        Prohibited transaction 6        Death distribution <b>after year of death</b> to a nonspouse beneficiary (Do not use for distribution to an estate.)
546	Blank	1	<b>Enter a blank.</b>
547	Medicare+Choice MSA Indicator	1	Enter "1" (one) if distributions are from a Medicare+Choice MSA. Otherwise, <b>enter a blank.</b>
548-662	Blank	115	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-734	State Income Tax Withheld	12	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 .

**(11) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-MSA (Continued)**

Field Position	Field Title	Length	Description and Remarks
735-746	Local Income Tax Withheld	12	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.
747-748	Blank	2	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record—Record Layout Positions 544-750 for Form 1099-MSA**

Blank	Distribution Code	Blank	Medicare+ Choice MSA Indicator	Blank	Special Data Entries
544	545	546	547	548-662	663-722

State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
723-734	735-746	747-748	749-750

**(12) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-OID**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank.</b>
545-546	Blank	2	<b>Enter blanks.</b>
547-585	Description	39	<b>Required.</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 ( <b>must be 4 digit year</b> ) of maturity (e.g., NYSE XYZ 12 1/ 2000). 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.
586-662	Blank	77	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-734	State Income Tax Withheld	12	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.

**(12) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-OID (Continued)**

Field Position	Field Title	Length	Description and Remarks
735-746	Local Income Tax Withheld	12	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.
747-748	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> .
749-750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-OID**

Second TIN Notice (Optional)	Blank	Description	Blank	Special Data Entries	State Income Tax Withheld
544	545-546	547-585	586-662	663-722	723-734

Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
735-746	747-748	749-750

**(13) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-PATR**

Field Position	Field Title	Length	Description and Remarks
544	Second TIN Notice (Optional)	1	Enter “2” to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, <b>enter a blank</b> .
545-662	Blank	118	<b>Enter blanks</b> .
663-722	Special Data Entries	60	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> .
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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

**(13) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-PATR (Continued)**

Field Position	Field Title	Length	Description and Remarks
			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.
747-748	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> .
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for 1099-PATR**

Second TIN Notice (Optional)	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/ State Code	Blank or CR/LF
544	545-662	663-722	723-734	735-746	747-748	749-750

**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R**

Field Position	Field Title	Length	Description and Remarks
544	Blank	1	<b>Enter blank.</b>
545-546	Distribution Code  (For a detailed explanation of distribution codes, see the 2000 “Instructions for Forms 1099-R and 5498.”)	2	<b>Required.</b> Enter at least one distribution code from the table below. More than one code may apply. If only one code is required, it must be entered in position 545 and position 546 must be blank. A blank in position 545 is not acceptable. Position 545 must contain a numeric code except when using Code D, E, F, G, H, J, L, M, P, R or S. Distribution Code A, when applicable, must be entered in position 546 with the applicable numeric code in position 545. 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, 2, or 4 if applicable. Only three numeric combinations are acceptable, Codes 8 and 1, 8 and 2, and 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 with any other codes. Distribution Code G may be used with Distribution Code 4 only, if applicable.

**Code**

**Category**

- |   |  |
|---|--|
| 1 | *Early distribution, no known exception(in most cases, under age 59 1/2) |
| 2 | *Early distribution, exception applies (Under age 59 1/2)                |
| 3 | *Disability  |



(14) Payee "B" Record - Record Layout Positions 544-750 for Form 1099-R (Continued)

Field Position	Field Title	Length	Description and Remarks
		4	*Death
		5	*Prohibited transaction
		6	Section 1035 exchange (a tax-free exchange of life insurance, annuity, or endowment contracts)
		7	*Normal distribution
		8	*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2000
		9	PS 58 costs (premiums paid by a trustee or custodian for current insurance protection)
	A		May be eligible for 10-year tax option
	D		*Excess contributions plus earnings/excess deferrals taxable in 1998
	E		Excess annual additions under section 415
	F		Charitable gift annuity
	G		Direct rollover to IRA
	H		*Direct rollover to qualified plan or tax-sheltered annuity or a transfer from a conduit IRA to a qualified plan
	J		Distribution from a Roth IRA (This code may be used with Code 1, 2, 3, 4, 5, 8, or P.)
	L		Loans treated as deemed distributions under section 72(p)
	M		Distribution from an education IRA (Ed IRA)
	P		*Excess contributions plus earnings/excess deferrals taxable in 1999
	R		Recharacterized IRA contribution (See <b>Note</b> .)
	S		*Early distribution from a SIMPLE IRA in first 2 years, no known exception

\*If reporting a traditional IRA, SEP, or SIMPLE distribution or a Roth conversion, use the IRA/SEP/SIMPLE Indicator of "1" (one) in position 548 of the Payee "B" Record.

Note: The trustee of the first IRA must report the recharacterization as a distribution on Form 1099-R (and the original contribution and its character on Form 5498).

547	Taxable Amount Not Determined Indicator	1	Enter "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.] Please make every effort to compute the taxable amount.
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**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R (Continued)**

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Field Position	Field Title	Length	Description and Remarks
548	IRA/SEP/ SIMPLE Indicator	1	Enter “1” (one) for a traditional IRA, SEP, or SIMPLE distribution or <i>Roth conversion</i> ; otherwise, <b>enter a blank</b> . (See <b>Note</b> .) If the IRA/SEP/SIMPLE Indicator is used, enter the amount of the <i>Roth conversion</i> or distribution in Payment Amount Field A of the Payee “B” Record. <b>Do not use the indicator for a distribution from a Roth or education IRA or for an IRA recharacterization.</b>
<b>Note:</b> For Form 1099-R, generally, report the <i>Roth conversion</i> or total amount distributed from a traditional IRA, SEP, or SIMPLE in Payment Amount Field A (traditional IRA/SEP/SIMPLE distribution or <i>Roth conversion</i> ), as well as Payment Amount Field 1 (Gross Distribution) of the “B” Record. Refer to the 2000 “Instructions for Forms 1099-R and 5498” for exceptions (Box 2a instructions).			
549	Total Distribution Indicator (See <b>Note</b> .)	1	Enter a “1” (one) only if the payment shown for Amount Code 1 is a total distribution that closed out the account; otherwise, <b>enter a blank</b> .
<b>Note:</b> 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.			
550-551	Percentage of Total Distribution	2	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 (for example, 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 12-20 of the “B” Record. This field must be right justified, and unused positions must be zero-filled. If not applicable, <b>enter blanks</b> . Filers need not enter this information for any IRA distribution or for direct rollovers.
552-662	Blank	111	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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. The state/payer’s state number, state distribution, name of locality, and/or local distribution can be entered in this field. Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks</b> .
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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.
747-748	Combined	2	If this payee record is to be forwarded to a state agency

**(14) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R (Continued)**

Field Position	Field Title	Length	Description and Remarks
	Federal/State Code		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> .
749-750	Blank	2	<b>Enter blanks</b> , or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-R**

Blank	Distribution Code	Taxable Amount Not Determined Indicator	IRA/SEP/SIMPLE Indicator	Total Distribution Indicator
544	545-546	547	548	549

Percentage of Total Distribution	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF
550-551	552-662	663-722	723-734	735-746	747-748	749-750

**(15) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks</b> .
547	Property or Services Indicator	1	<b>Required.</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, <b>enter a blank</b> .
548-555	Date of Closing	8	<b>Required.</b> Enter the closing date in the format YYYYMMDD (e.g., 20001022). <b>Do not enter hyphens or slashes</b> .

For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 2000 would be 20000102. Do not enter blanks, alphas or special characters.

556-594	Address or Legal Description	39	<b>Required.</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.
595-662	Blank	68	<b>Enter blanks</b> .
663-722	Special Data Entries	60	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> .

**(15) Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S (Continued)**

Field Position	Field Title	Length	Description and Remarks
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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.
747-748	Blank	2	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 1099-S**

Blank	Property or Services Indicator	Date of Closing	Address or Legal Description	Blank	Special Data Entries
544-546	547	548-555	556-594	595-662	663-722
State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF		
723-734	735-746	747-748	749-750		

☛ **Note: When reporting Form 1099-S, the “B” Record will reflect the seller/transferor information.**

**(16) Payee “B” Record - Record Layout Positions 544-750 for Form 5498**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks.</b>
547	<b>IRA</b> Indicator (Individual Retirement Account)	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for an IRA. Otherwise, <b>enter a blank.</b>
548	<b>SEP</b> Indicator (Simplified Employee Pension)	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for a SEP. Otherwise, <b>enter a blank.</b>
549	<b>SIMPLE</b> Indicator (Savings Incentive Match Plan for Employees)	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for a SIMPLE. Otherwise, <b>enter a blank.</b>

**(16) Payee “B” Record - Record Layout Positions 544-750 for Form 5498 (Continued)**

Field Position	Field Title	Length	Description and Remarks
550	<b>Roth IRA</b> Indicator	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for a Roth IRA. Otherwise, <b>enter a blank.</b>
551	<b>Recharacterization</b> Indicator	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting any recharacterization. Otherwise, <b>enter a blank.</b>
552	<b>Education IRA</b> Indicator	1	<b>Required, if applicable.</b> Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 4) for an Education IRA. Otherwise, <b>enter a blank.</b>
553-662	Blank	110	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-746	Blank	24	<b>Enter blanks.</b>
747-748	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>
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 5498**

Blank	IRA Indicator	SEP Indicator	SIMPLE Indicator	Roth IRA Indicator	Recharacterization Indicator	Education IRA Indicator
544-546	547	548	549	550	551	552

Blank	Special Data Entries	Blank	Combined Federal/State Code	Blank or CR/LF
553-662	663-722	723-746	747-748	749-750

**(17) Payee “B” Record - Record Layout Positions 544-750 for Form 5498-MSA**

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	<b>Enter blanks.</b>
547	Medicare+ Choice MSA Indicator	1	Enter “1” for Medicare+Choice MSA.
548-662	Blank	115	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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.

**(17) Payee “B” Record - Record Layout Positions 544-750 for Form 5498-MSA (Continued)**

Field Position	Field Title	Length	Description and Remarks
			Payers should contact the state or local revenue departments for filing requirements. If this field is not utilized, <b>enter blanks.</b>
723-748	Blank	26	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form 5498-MSA**

Blank	Medicare + Choice MSA Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
544-546	547	548-662	663-722	723-748	749-750

**(18) Payee “B” Record - Record Layout Positions 544-750 for Form W-2G**

Field Position	Field Title	Length	Description and Remarks																		
544-546	Blank	3	<b>Enter blanks.</b>																		
547	Type of Wager Code	1	<b>Required.</b> Enter the applicable type of wager code from the table below:  <table border="1"> <thead> <tr> <th>Code</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Horse race track (or off-track betting of a horse track nature)</td> </tr> <tr> <td>2</td> <td>Dog race track (or off-track betting of a dog track nature)</td> </tr> <tr> <td>3</td> <td>Jai-alai</td> </tr> <tr> <td>4</td> <td>State-conducted lottery</td> </tr> <tr> <td>5</td> <td>Keno</td> </tr> <tr> <td>6</td> <td>Bingo</td> </tr> <tr> <td>7</td> <td>Slot machines</td> </tr> <tr> <td>8</td> <td>Any other type of gambling winnings</td> </tr> </tbody> </table>	Code	Category	1	Horse race track (or off-track betting of a horse track nature)	2	Dog race track (or off-track betting of a dog track nature)	3	Jai-alai	4	State-conducted lottery	5	Keno	6	Bingo	7	Slot machines	8	Any other type of gambling winnings
Code	Category																				
1	Horse race track (or off-track betting of a horse track nature)																				
2	Dog race track (or off-track betting of a dog track nature)																				
3	Jai-alai																				
4	State-conducted lottery																				
5	Keno																				
6	Bingo																				
7	Slot machines																				
8	Any other type of gambling winnings																				
548-555	Date Won	8	<b>Required.</b> Enter the date of the winning transaction in the format YYYYMMDD (e.g., 20001022). <b>Do not enter hyphens or slashes.</b> This is not the date the money was paid, if paid after the date of the race (or game).  For dates with one-digit months (i.e., January-September) or days (i.e., 1-9), enter a zero before the month or day. January 2, 2000 would be 20000102. Do not enter blanks, alphas or special characters.																		
556-570	Transaction	15	<b>Required.</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. For all others, <b>enter blanks.</b>																		
571-575	Race	5	If applicable, enter the race (or game) relating to the winning ticket; otherwise, <b>enter blanks.</b>																		
576-580	Cashier	5	If applicable, enter the initials or number of the cashier making the winning payment; otherwise, <b>enter blanks.</b>																		
581-585	Window	5	If applicable, enter the window number or location of																		

**(18) Payee “B” Record - Record Layout Positions 544-750 for Form W-2G (Continued)**

Field Position	Field Title	Length	Description and Remarks
			the person paying the winning payment; otherwise, <b>enter blanks.</b>
586-600	First ID	15	For other than state lotteries, enter the first identification number of the person receiving the winning payment; otherwise, <b>enter blanks.</b>
601-615	Second ID	15	For other than state lotteries, enter the second identification number of the person receiving the winnings; otherwise, <b>enter blanks.</b>
616-662	Blank	47	<b>Enter blanks.</b>
663-722	Special Data Entries	60	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>
723-734	State Income Tax Withheld	12	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.
735-746	Local Income Tax Withheld	12	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.
747-748	Blank	2	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.

**Payee “B” Record - Record Layout Positions 544-750 for Form W-2G**

Blank	Type of Wager Code	Date Won	Transaction	Race	Cashier	Window	First ID
544-546	547	548-555	556-570	571-575	576-580	581-585	586-600
Second ID	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF	
601-615	616-662	663-722	723-734	735-746	747-748	749-750	

**Sec. 11. End of Payer “C” Record - General Field Descriptions and Record Layout**

**.01 The End of Payer “C” Record is a fixed record length of 750 positions.** The control total fields are each 18 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. *A file format diagram is located at the end of Part E, Miscellaneous Information, just before the mail labels.*

**.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 would appear in Control Totals 1 (positions 16-33), 3 (positions 52-69), and 6 (positions 106-123) of the “C” Record. In this example, positions 34-51, 70-105, and 124-231 would be zero filled. Positions 232-748 would be blank filled.

**.04** Payers/Transmitters should verify the accuracy of the totals since data with missing or incorrect “C” Records will 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.”
2-9	Number of Payees	8	<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.
10-15	Blank	6	<b>Enter blanks.</b>
16-33	Control Total 1	18	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Records 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 18 positions in length.
34-51	Control Total 2	18	
52-69	Control Total 3	18	
70-87	Control Total 4	18	
88-105	Control Total 5	18	
106-123	Control Total 6	18	
124-141	Control Total 7	18	
142-159	Control Total 8	18	
160-177	Control Total 9	18	
178-195	Control Total A	18	
196-213	Control Total B	18	
214-231	Control Total C	18	
232-748	Blank	517	
749-750	Blank	2	<b>Enter blanks,</b> or carriage return/line feed (CR/LF) characters.



**End of Payer “C” Record Record Layout**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3	Control Total 4	Control Total 5	Control Total 6
1	2-9	10-15	16-33	34-51	52-69	70-87	88-105	106-123

Control Total 7	Control Total 8	Control Total 9	Control Total A	Control Total B	Control Total C	Blank	Blank or CR/LF
124-141	142-159	160-177	178-195	196-213	214-231	232-748	749-750

**Sec. 12. State Totals “K” Record - General Field Descriptions and Record Layout**

**.01** The State Totals “K” Record is a fixed record length of 750 positions. The control total fields are each 18 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. *A file format diagram is located at the end of Part E, Miscellaneous Information, just before the mail labels.*

**.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 would 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.

**(1) State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498**

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “K.”
2-9	Number of Payees	8	<b>Required.</b> Enter the total number of “B” Records being coded for this state. Right justify information and fill unused positions with zeros.
10-15	Blank	6	<b>Enter blanks.</b>
16-33	Control Total 1	18	<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>Control totals must be right justified and unused control total fields zero-filled.</b> All control total fields are 18 positions in length
34-51	Control Total 2	18	
52-69	Control Total 3	18	
70-87	Control Total 4	18	
88-105	Control Total 5	18	
106-123	Control Total 6	18	
124-141	Control Total 7	18	
142-159	Control Total 8	18	
160-177	Control Total 9	18	
178-195	Control Total A	18	

**(1) State Totals “K” Record - Record Layout Forms 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498 (Continued)**

Field Position	Field Title	Length	Description and Remarks
196-213	Control Total B	18	
214-231	Control Total C	18	
232-706	Blank	475	<b>Enter blanks.</b>
707-724	State Income Tax Withheld Total	18	State income tax withheld total is for the convenience of the filers. Aggregate totals of the state income tax withheld field in the Payee “B” Records; otherwise, <b>enter blanks.</b>
725-742	Local Income Tax Withheld Total	18	Local income tax withheld total is for the convenience of the filers. Aggregate totals of the local income tax withheld field in the Payee “B” Records; otherwise, <b>enter blanks.</b>
743-746	Blank	4	<b>Enter blanks.</b>
747-748	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.)
749-750	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, 1099-R, and 5498**

Record Type	Number of Payees	Blank	Control Total 1	Control Total 2	Control Total 3	Control Total 4	Control Total 5	Control Total 6
1	2-9	10-15	16-33	34-51	52-69	70-87	88-105	106-123

Control Total 7	Control Total 8	Control Total 9	Control Total A	Control Total B	Control Total C	Blank	State Income Tax Withheld Total	Local Income Tax Withheld Total
124-141	142-159	160-177	178-195	196-213	214-231	232-706	707-724	725-742

Blank	Combined Federal/State Code	Blank or CR/LF
743-746	747-748	749-750

**Sec. 13. End of Transmission “F” Record - General Field Descriptions and Record Layout**

**.01 The End of Transmission “F” Record is a fixed record length of 750 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."
2-9	Number of "A" Records	8	Enter the total number of Payer "A" Records in the entire file (right justify and zero fill) or enter all zeros.
10-30	Zero	21	Enter zeros.
31-748	Blank	718	<b>Enter blanks.</b>
749-750	Blank	2	<b>Enter blanks</b> or carriage return/line feed (CR/LF) characters.

**End of Transmission "F" Record - Record Layout**

Record Type	Number of "A" Records	Zero	Blank	Blank or CR/LF
1	2-9	10-30	31-748	749-750

**Part C. Electronic Filing Specifications**

**Sec. 1 Background**

**.01.** All electronic filing of information returns are received at IRS/MCC via the FIRE (Filing Information Returns Electronically) System. The FIRE System can be accessed via analog and ISDN BRI connections. The system is designed to support the electronic filing of information returns only. The telephone number for electronic filing is (1-304-262-2400). Publications and forms are no longer available electronically from MCC. Users needing publications and forms will need to download them from the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov) or order them by calling 1-800-TAX-FORM (1-800-829-3676).

**Sec. 2. Advantages of Filing Electronically**

Some of the advantages of filing electronically are as follows:

- (1) Results available within 1-2 workdays as to the acceptability of the data transmitted. It is the filer's responsibility to dial back in and check results.
- (2) Later due date than magnetic media or paper for electronically filed Forms 1099, 1098, and W-2G (refer to Part A, Section 10.01).
- (3) Allows more attempts than magnetic media filing to correct bad files before imposing penalties (refer to Part C, Section 6.05).
- (4) Better customer service due to on-line availability of transmitter's files for research purposes.
- (5) Additional 60 days for testing - November 1, 2000, to February 15, 2001, instead of November 1, 2000, through December 15, 2000.

**Sec. 3. General**

**.01** 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. Transmitters filing electronically 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 Customer Service toll-free number (1-800-829-1040) for assistance.

**.03** Files submitted to IRS/MCC electronically must be in standard ASCII code. No magnetic media or paper forms are to be submitted with the same information as the electronically submitted file.

**.04** If a request for extension is approved, transmitters who file electronically will be granted an extension of time 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 "T", "A", "B", "C", "K", and "F" Records are the same for electronically filed records as they are for 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** begin with a Transmitter “T” Record and end with an End of Transmission (EOT) “F” Record.

**Sec. 4. Electronic Filing Approval Procedure**

**.01** Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media 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, electronic filers assign their own passwords and do not need prior or special approval.

**.03** For all passwords, it is the user’s responsibility to remember the password and not allow the password to be compromised. Passwords are user assigned at first logon and are up to 8 alpha/numerics, which are case sensitive. However, if filers do forget their password, call **304-263-8700** for assistance.

**Note: Passwords are case sensitive.**

**Sec. 5. Test Files**

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for all *new electronic filers to test hardware and software connectivity*. If filers wish to submit an electronic test file for Tax Year 2000 (returns to be filed in 2001), it **must** be submitted to IRS/MCC **no earlier than** November 1, 2000, and **no later than** February 15, 2001.

**.02** If a filer encounters problems while transmitting the electronic test file, contact IRS/MCC for assistance.

**.03** Filers can verify the status of their transmitted test data by dialing the electronic filing system phone number (**1-304-262-2400**). This information will be available within 1-2 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. 6. 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 *The FIRE System will be down from December 29, 2000, through January 7, 2001.*** This will allow time for IRS/MCC to update its system to reflect current year changes.

**.03** Data compression is encouraged when submitting information returns electronically. *WinZip and PKZip are acceptable compression packages. UNIX COMPRESS may be acceptable; however, a test file is recommended to verify compatibility. IRS/MCC cannot accept self-extracting zip files or compressed files containing multiple files.*

The time required to transmit information returns electronically will vary depending on the modem speed and the type of data compression used, if any. **The time required to transmit a file can be reduced by as much as 95 percent by using software compression and hardware compression.**

The following are actual transmission rates achieved in test uploads at MCC using compressed files. The actual transmission rates will vary depending on the modem speeds.

<b>Transmission Speed in bps</b>	<b>1000 Records</b>	<b>10,000 Records</b>	<b>100,000 Records</b>
<b>19.2K</b>	<b>34 Sec.</b>	<b>6 Min.</b>	<b>60 Min.</b>
<b>56K</b>	<b>20 Sec.</b>	<b>3 1/2 Min.</b>	<b>33 Min.</b>
<b>128K (ISDN)</b>	<b>8 Sec.</b>	<b>1 Min.</b>	<b>10 Min.</b>

**.04** Files submitted electronically will be assigned a unique filename by the *FIRE* System (the users may name files anything they choose from their end). The *filename assigned by the FIRE System* will consist of submission type [TEST, ORIG (original), CORR (correction), and REPL (replacement)], the filer’s TCC and a four digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your first original file for the calendar year and your TCC is 44444, the IRS assigned filename would be ORIG.44444.0001. Record the filename. This information will be needed by MCC in order to identify the file, if assistance is required, and to complete Form 4804.

**.05** If a file was submitted timely and is bad, the filer will have up to 60 days from the day the file was transmitted or 4 replacement attempts within that 60 day period, whichever comes first, to transmit an acceptable file. If an acceptable file is not received within 60 days or within 4 replacement attempts, then the payer could be subject to late filing penalties. This only applies to files originally sent electronically.

**.06 Filers are advised not to resubmit an entire file if records were omitted from the original transmission. This will result in duplicate filing. A new file should be sent consisting of the records that had not previously been submitted.**

**.07** The TCC in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered an error.

## **Sec. 7. Transmittal Requirements**

**.01** The results of the electronic transmission will be available in the File Status area of the electronic system within 1-2 work-days; however, no further processing will occur until the signed Form 4804 is received. The Form 4804 must be postmarked by the due date of the return. No return is considered filed until a Form 4804 is received by IRS/MCC.

**.02** Form 4804, which is located in the back of this publication, 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. It may also be obtained from the IRS's Internet Web Site at **www.irs.gov**. 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 TCC used in the Transmitter "T" Record is the TCC which must appear on the transmittal Form 4804.

**.04** Forms 4804 should be mailed to the following address:

If by Postal Service, air or truck freight:  
IRS-Martinsburg Computing Center  
Information Reporting Program  
**Attn: Electronic Filing Coordinator**  
230 Murall Drive  
Kearneysville, WV 25430

**Please indicate on the envelope the following message:**

**CONTAINS FORM 4804 INFORMATION - NO MAGNETIC MEDIA**

## **Sec. 8. Electronic Filing Specifications**

**.01** The FIRE System is designed exclusively for the filing of Forms 1042-S, 1099, 1098, 5498, 8027, W-2G and W-4.

**.02** A transmitter must have a TCC before a file can be transmitted. If you have a TCC for magnetic media filing, that TCC can also be used for electronic filing.

**.03** *It is the filer's responsibility to dial back to verify the acceptability of files submitted by checking the file status area of the system.* These reports will be available on the electronic system in 1-2 workdays after the transmission is received by IRS/MCC.

**.04** Contact the FIRE System by dialing **304-262-2400**. This number supports analog connections from 1200bps to 56Kbps or ISDN BRI 128Kbps connections. The system can be accessed via Dial-up network/web browser (*see Section 9*) or communications software (*see Section 10*). The Dial-up network/web browser will provide an Internet-like look without going through the Internet (point-to-point). If you do not have this capability, a text interface is provided that can be accessed via communication software such as *Hyperterminal, Procomm, PCAnywhere, etc.*

## **Sec. 9. Dial-up Network/Browser Specifications (Web Interface)**

**.01** The following are some general instructions (many of these settings may already be set by default in your software):

Dial-up network settings:

- (a)** Set dial-up server type to PPP
- (b)** Set network protocol to TCP/IP

Browser settings:

- (a)** Set to receive 'cookies'
- (b)** Enable JavaScript or Jscript
- (c)** Browser must be capable of file uploads (i.e., Internet Explorer 4.0, Netscape 2.0 or higher)
- (d)** Enter the URL address of <http://10.225.224.2> (*Remember, this is a point-to-point connection, not the Internet.*)

**.02** *Due to the large number of communication products available, it is impossible to provide specific information on all software/hardware configurations. However, since most of our filers use Windows 95, 98 or NT software, the following instructions are geared toward those products:*

### **UPLOADING FILES WITH DIAL-UP NETWORKING/WEB BROWSER IN WINDOWS 95/98**

#### **Tips**

(1) *This is a point-to-point connection – not the Internet.*

- (2) Your browser must be capable of file uploads, i.e., Internet Explorer 4.0 or Netscape Navigator 2.0 or higher.
- (3) If you currently access the Internet via a LAN or a PROXY server, you will need to disable those options in your browser and enable 'Connect to the Internet using a modem'.

Select **Programs**  
**Accessories**  
**Communications** (Windows 98)  
**Dial-Up Networking**

**First time connecting with Dial-Up Network** (If you have logged on previously, skip to Subsequent Dial-up Network Connections.)

*The first time you dial-in, you will need to configure your Dial-Up Networking.*

Select '**Make new connection**'.

Type a descriptive name for the system you are calling.

Select your modem.

Click '**Next**'.

Enter area code **304** and telephone number **262-2400**.

Click '**Next**'.

When you receive a message that you have successfully created a new Dial-Up Networking connection, click '**Finish**'.

Click '**Connect**' to dial. If you are prompted for a user name and password, complete according to local procedures; otherwise, click '**OK**'.

When you receive the message that you have connected to our system, click on your Web Browser (**remember, you are not connecting via the Internet – this is a point-to-point connection**).

In the URL Address enter **http://10.225.224.2** and press **ENTER**.

#### **Subsequent Dial-Up Network connections**

Click '**Connect**'.

If prompted for user name and password, complete according to local procedures; otherwise, click '**OK**'.

When you receive 'Connection Complete', click '**OK**'.

Click on your Web Browser (**remember, you are not connecting via the Internet**).

In the URL Address enter **http://10.225.224.2** and press **ENTER**.

#### **First time connection to The FIRE System** (If you have logged on previously, skip to Subsequent Connections to the FIRE System.)

Click '**Create New Account**'.

Fill out the registration form and click '**Create**'.

Enter your **logon name** (most users logon with their first and last name).

Enter your **password** (the password is user assigned and is case sensitive).

Click '**Create**'.

If you receive the message 'account created', click '**OK**'.

Click '**Start the Fire Application**'

#### **Subsequent connections to The FIRE System**

Click '**Log On**'.

Enter your **logon name** (most users logon with their first and last name).

Enter your **password** (the password is user assigned and is case sensitive).

At Menu Options:

Click '**Information Returns**'

Enter your **TCC**:

Enter your **EIN**:

Click '**Submit**'.

The system will then display the company name, address, city, state, ZIP code and phone number. This information will be used to contact or send any correspondence regarding this transmission. Update as appropriate and/or click '**Accept**'.

Click one of the following:

**Original File**

**Correction File**

**Test File**

**Replacement File** (if you select this option, select one of the following):

**FIRE Replacement (file was originally transmitted on this system)**

**Click file to be replaced**

**Magnetic Media Replacement File**

Enter the alpha character from Form 9267, Media Tracking Slip, that was returned with your magnetic media shipment.

Click **'Submit'**.

Enter the **drive/path/filename** of the file you want to upload or click **'Browse'** to locate the file.

Click **'Upload'**.

**When the upload is complete, the screen will display the total bytes received and the file name to be recorded on your Form 4804, Box 7b.**

If you have more files to upload for that TCC:

Click **'File Another'**; otherwise,

Click **'Back to Main Menu'**.

**It is your responsibility to check the acceptability of your file; therefore, be sure to dial back into the system in 1-2 business days.**

At the Main Menu:

Enter **'B'** for file status.

Press the Tab key to advance to TCC box; otherwise, enter **'E'** to exit.

Enter your **TCC**:

Enter your **EIN**:

Choose the appropriate option.

Tab to the file you want to look at and press **ENTER**.

If 'Results' indicate:

**'File Good'** and you agree with the 'Count of Payees' and have mailed your Form 4804, you are finished with this file. (Form 4804 is not needed on a replacement file unless the number of payees has changed from the original/correction file.)

**'File Bad'** - Correct the errors and resubmit the file as a 'replacement'.

**'Not Yet Processed'** - File has been received, but we do not have results available yet. Please check back in a few days.

Click on the desired file for a detailed report of your transmission.

When finished viewing your files, click on **'Main Menu'**.

Click **'Log Off'**.

Close your Web Browser.

### **IMPORTANT**

**Go back into your Dial-Up Network and click 'hang-up'; otherwise, you may stay connected and incur unnecessary phone charges.**

## **Sec. 10. Communication Software Specifications (Text Interface)**

**.01** Communications software settings must be:

- No parity
- Eight data bits
- One stop bit

**.02** Terminal Emulation must be **VT100**.

**.03** Due to the large number of communication products available, it is impossible to provide specific information on all software/hardware configurations. However, since most of our filers use Windows 95, 98 or NT software, the following instruc-

tions are geared toward those products (Procomm, PCAnywhere and many other communications packages are also acceptable and the product does not necessarily need to be Windows based.):

## Uploading Files Using Hyperterminal in Windows 95, 98 or NT

Select **Programs**

**Accessories**

**Communications** (Windows 98)

**Hyperterminal**

The first time you log on, select **Hyperterminal**, **Hyperterm** or **Hyperterm.exe**, whichever is available on your system. Thereafter, you can just select the icon that you have saved.

A box will appear titled '**Connection Description**'.

**Enter a name and choose an icon** for the connection:

Country Code: United States of America

Area Code: **304**

Phone Number: **262-2400**

**Connect Using: (default)**

(If you need to modify the phone number, select **File**, then **Properties** to enter defaults for the area code, phone numbers and/or special access codes.)

Click on **Dial**.

A 'Connect' box will appear to show the status.

Once you have connected to The FIRE System, if you do not get a menu within a few seconds, press the **ENTER** key one time.

### First Time Logon

When you have connected to the system, enter '**new**' to create your logon name and password.

Complete the registration information and enter '**y**' to create account.

### Logon Name and Password

**Logon Name:** Enter a logon name. Most users enter their first and last name as the logon name.

**Password:** Enter a password of your choosing (1-8 alpha/numerics - case sensitive).

After entering the password, you will go to the Main Menu.

### Transferring Your Electronic File

Enter '**A**' for Electronic Filing.

After reading Information Notice, press **ENTER**.

Enter '**A**' for Forms 1098, 1099, 5498, W-2G, 1042-S, 8027 and Questionable Forms W-4.

Press the Tab key to advance to TCC box; otherwise, enter '**E**' to exit.

Enter your **TCC**:

Enter your **EIN**:

The system will then display the company name, address, city, state, ZIP code, and phone number. This information will be used to contact or send correspondence (if necessary) regarding this transmission. If you need to update, enter '**n**' to change information; otherwise, enter '**y**' to accept.

Select one of the following:

'**A**' for an Original file

'**B**' for a Replacement file

'**C**' for a Correction file

'**D**' for a Test file

**If you selected 'B' for a replacement file, select one of the following:**

'**A**' Replacement Files For This System

This option is to replace an original/correction file that was submitted electronically on this system but was bad and needs to be replaced. Select the file needing replaced.



**'B'** Magnetic media replacement files

Enter the alpha character from Form 9267, Media Tracking Slip, that was returned with your magnetic media shipment.

Choose one of the following protocols (Hyperterminal is normally set to Zmodem by default):

**X** - Xmodem

**Y** - Ymodem

**Z** - Zmodem (Zmodem will normally give you the fastest transfer rate.)

At this point, you must start the upload from your PC.

To send a file:

Go to the hyperterminal menu bar.

Click on **Transfer**.

Click on **Send file**.

A box will appear titled 'Send File'.

Enter the drive/path/filename or click on **Browse** to locate your file.

Click on **Send**.

**When the upload is complete, the screen will display the total bytes received and the file name to be recorded on your Form 4804, Box 7b.**

Press **ENTER** to continue.

If you have more files to send for the same TCC/EIN, enter 'y'; otherwise, enter 'n'.

**It is your responsibility to check the acceptability of your file; therefore, be sure to dial back into the system in 1 - 2 business days.**

At the Main Menu:

Enter **'B'** for file status.

Press the Tab key to advance to TCC box; otherwise, enter **'E'** to exit.

Enter your **TCC**:

Enter your **EIN**:

Choose the appropriate option.

Tab to the file you want to look at and press **ENTER**.

If 'Results' indicate:

**'File Good'** and you agree with the 'Count of Payees' and have mailed your Form 4804, you are finished with this file. (Form 4804 is not needed on a replacement file unless the number of payees changes from the original/correction file.)

**'File Bad'** - Correct the errors and resubmit the file as a replacement.

**'Not Yet Processed'** - File has been received, but we do not have results available yet. Please check back in a few days.

When you are finished, enter **'E'** from the Main Menu to logoff.

Enter **'2'** to hang-up.

## **Sec. 11. Modem Configuration**

### **.01 Hardware features**

- (a) Enable hardware flow control
- (b) Enable modem error control
- (c) Enable modem compression

## **Sec. 12. Common Problems Associated with Electronic Filing**

**.01** Refer to Part A, Section 19, for common format errors associated with magnetic/electronic files.

**.02** The following are the major non-format errors associated with electronic filing:

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### **1. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically.**

Even though you have sent your information returns electronically, you still need to mail a signed Form 4804 by the due date of the return. See Part C, Section 7.04, for the mailing address.

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### **2. Transmitter does not dial back to the electronic system to determine file acceptability.**

The results of your file transfer are posted to the FIRE System within two business days. It is your responsibility to verify file acceptability and, if the file contains errors, you can get an online listing of the errors. Date received and number of payee records are also displayed.

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**3. Incorrect file is not replaced timely.**

*If your file is bad, correct the file and timely resubmit as a replacement.*

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**4. Transmitter compresses several files into one.**

Only compress one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately and send 10 separate compressed files.

---

**5. Transmitter sends a file and File Status indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file.**

Once a file has been transmitted, you cannot send a replacement file unless File Status indicates the file is bad (1-2 business days after file was transmitted). If you do not want us to process the file, you must first contact us at 304-263-8700 to see if this is a possibility. However, this will count as a replacement. (See Part A, Sec. 17, for the definition of replacement.)

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**6. Transmitter sends an original file that is good, then sends a correction file for the entire file even though there are only a few changes.**

The correction file, containing the proper coding, should only contain the records needing correction, not the entire file.

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**7. File is formatted as EBCDIC.**

All files submitted electronically must be in standard ASCII code.

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**Part D. Magnetic/Electronic Specifications For Extensions of Time**

**Sec. 1. General**

**.01** The specifications in Part D 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, 1042-S and 8027.

**.03** For Tax Year 2000 (returns due to be filed in 2001), 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, 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 or fax it to 304-264-5602. 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 since this information is included on the magnetic or electronic file. However, Line 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 postmarked or transmitted by the due date of the returns; otherwise, the request will be denied.

**.07** A magnetically-filed request for an extension of time should be sent using the following address:

If by Postal Service, truck or air freight:



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

**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.

**.08** Requests for extensions 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 Part A, Sec. 10, 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.

**.09** Transmitters who submit their extension of time requests magnetically or electronically will receive a letter from IRS/MCC with an attached list of the payers, based on information contained in the file, specifying approval and/or denial.

**.10** Do not submit tax year 2000 extensions of time to file requests on magnetic media before *January 1, 2001* or electronically before *January 8, 2001*.

**.11** 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.

**.12** 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

**.13** 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. If the Form 8809 is not completed properly, processing may be delayed or the request may be denied.

**.14** 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.

**.15** 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 with a postmark reflecting the date mailed. Line 7 on the form should be checked to indicate that the original extension has been received and the additional extension is being requested.

**.16** 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), 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:

<b>Tracks</b>	<b>Density</b>	<b>Capacity</b>
1	20 (43245 BPI)	2.3 Gb
1	21 (45434 BPI)	5 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; IRSEOT, 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 will appear in the header label IRSEOT.001, IRSEOT.002, and IRSEOT.003 on each cartridge of the file.
- (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 9's; however, the last block of the file may be filled with 9's 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 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 200.
  - (d) Various SAVE commands have been successful, however, the **SAVE OBJECT COMMAND is not acceptable.**
  - (e) Records may not span blocks.
- (3) For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. IRSEOT may be used as a suggested filename.
- (4) For the purposes of this Revenue Procedure, the following must be used:
- Tape Mark:
- (a) Signifies 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) 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 tapemark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.
- (b) 4mm (.157-inch) cassettes are now acceptable with the following specifications:
- (1) 4mm cassettes will be 2 1/4-inch by 3-inch.
  - (2) The tracks are 1 (one).
  - (3) The density is 19 (61000 BPI).
  - (4) The typical capacity is DDS (DAT data storage) at 1.3 Gb or 2 Gb, or DDS-2 at 4 Gb.
  - (5) The general specifications for 8mm cartridges will also apply to the 4mm cassettes.
- (c) Various Quarter-Inch Cartridges (QIC) (1/4-inch) are also acceptable.
- (1) QIC cartridges will be 4" by 6".
  - (2) QIC cartridges must meet the following specification:

Size	Tracks	Density	Capacity
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-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb

- (3) The general specifications that apply to 8mm cartridges will also apply to QIC cartridges.

☛ **Note: Advanced Metal Evaporated (AME) cartridges are not acceptable.**

**.04** Diskette specifications are as follows:

- (a) 3 1/2-inches in diameter.
- (b) ASCII recording mode **only**. Additional specifications may be found in Part B, Sec. 5, 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 name IRSEOT.002, etc.
- (f) Delimiter character commas (,) or quotes (") 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 Electronic Filing specifications (See Note.)**

(a) A transmitter must have a Transmitter Control Code (TCC).

(b) Filers can determine the acceptability of files submitted by checking the file status area of the system. These reports will be available on the electronic system within 5 business days if the Form 8809 is received timely by IRS/MCC.

☞ **Note:** See Part C, Electronic Filing Specifications, for detailed information on filing with IRS/MCC electronically.

**Sec. 3. Record Layout**

**.01** Positions 6 through 185 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	5	<b>Required.</b> Enter the five digit Transmitter Control Code (TCC) 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; however, the Foreign Entity Indicator, position 187, <b>must</b> be set to "X."										
15-54	Payer Name	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 6-14. Left justify information and fill unused positions with <b>blanks</b> .										
55-94	Second Payer Name	40	If additional space is needed this field may be used to continue name line information (e.g., 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).										
135-174	Payer City	40	<b>Required.</b> Enter payer city, town, or post office.										
175-176	Payer State	2	<b>Required.</b> Enter the payer valid U.S. Postal Service state abbreviation. (Refer to Part A, Sec. 18.)										
177-185	Payer ZIP Code	9	<b>Required.</b> Enter payer ZIP Code. If using a five-digit ZIP Code, left justify information and fill unused positions with blanks.										
186	Document Indicator (See Note.)	1	<p><b>Required.</b> Enter the document for which you are requesting an extension of time using the following codes:</p> <table border="1"> <thead> <tr> <th>Code</th> <th>Document</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>W-2</td> </tr> <tr> <td>2</td> <td>1098, 1098-E, 1098-T, 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</td> </tr> <tr> <td>3</td> <td>5498</td> </tr> <tr> <td>4</td> <td>1042-S</td> </tr> </tbody> </table>	Code	Document	1	W-2	2	1098, 1098-E, 1098-T, 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	4	1042-S
Code	Document												
1	W-2												
2	1098, 1098-E, 1098-T, 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												
4	1042-S												

**Record Layout for Extension of Time (Continued)**

Field Position	Field Title	Length	Description and Remarks
			5 REMIC Documents (1099-INT or 1099-OID)
			6 5498- MSA
<p><b>Note:</b> 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 Form 1099-INT and Form 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 Form 1099-DIV and Form 1099-MISC for the same payer, submit one record with “2” coded in this field.</p>			
187	Foreign Entity Indicator	1	Enter character “X” if the payer is a foreign entity.
188-198	Blank	11	<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**

Transmitter Control Code	Payer TIN	Payer Name	Second Payer Name	Payer Address	Payer City	Payer State
1-5	6-14	15-54	55-94	95-134	135-174	175-176



  

Payer ZIP Code	Document Indicator	Foreign Entity Indicator	Blank	Blank or CR/LF
177-185	186	187	188-198	199-200

**Part E. Miscellaneous Information**



**Sec. 1. Addresses for Martinsburg Computing Center**

To submit an application to file, correspondence, and magnetic media files, use the following:

Mailing by U. S. Postal Service, truck or air freight:  

IRS—Martinsburg Computing Center  
 Information Reporting Program  
 230 Murall Drive  
 Kearneysville, WV 25430

To submit magnetically filed and paper extension and waiver requests, use the following address:

Mailing by U.S. Postal Service, truck or air freight:  

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

**Sec. 2. Telephone Numbers for Contacting IRS/MCC**

**Information Reporting Program Call Site: 304-263-8700** 

**Telecommunication Device for the Deaf (TDD): 304-267-3367**

**Between 8:30 a.m. and 4:30 p.m. Eastern Time  
 Monday through Friday**

**Electronic Filing via FIRE - 1-304-262-2400**

**Information Returns FAX Machine: 304-264-5602**



**HOURS OF OPERATION – FIRE SYSTEM & FAX  
24 HOURS A DAY  
7 DAYS A WEEK**

**This is the end of Publication 1220 for Tax Year 2000.**

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# File Format

each record must be 750 positions

## T Record

Identifies the Transmitter of magnetic/electronic file & information contained on Forms 4419 & 4804.

## A Record

Identifies the Payer (the institution or person making payments) the type of document being reported, & other misc. info.

## B Record

Identifies the Payee, the specific payment amounts and info pertinent to that form. State files

## C Record

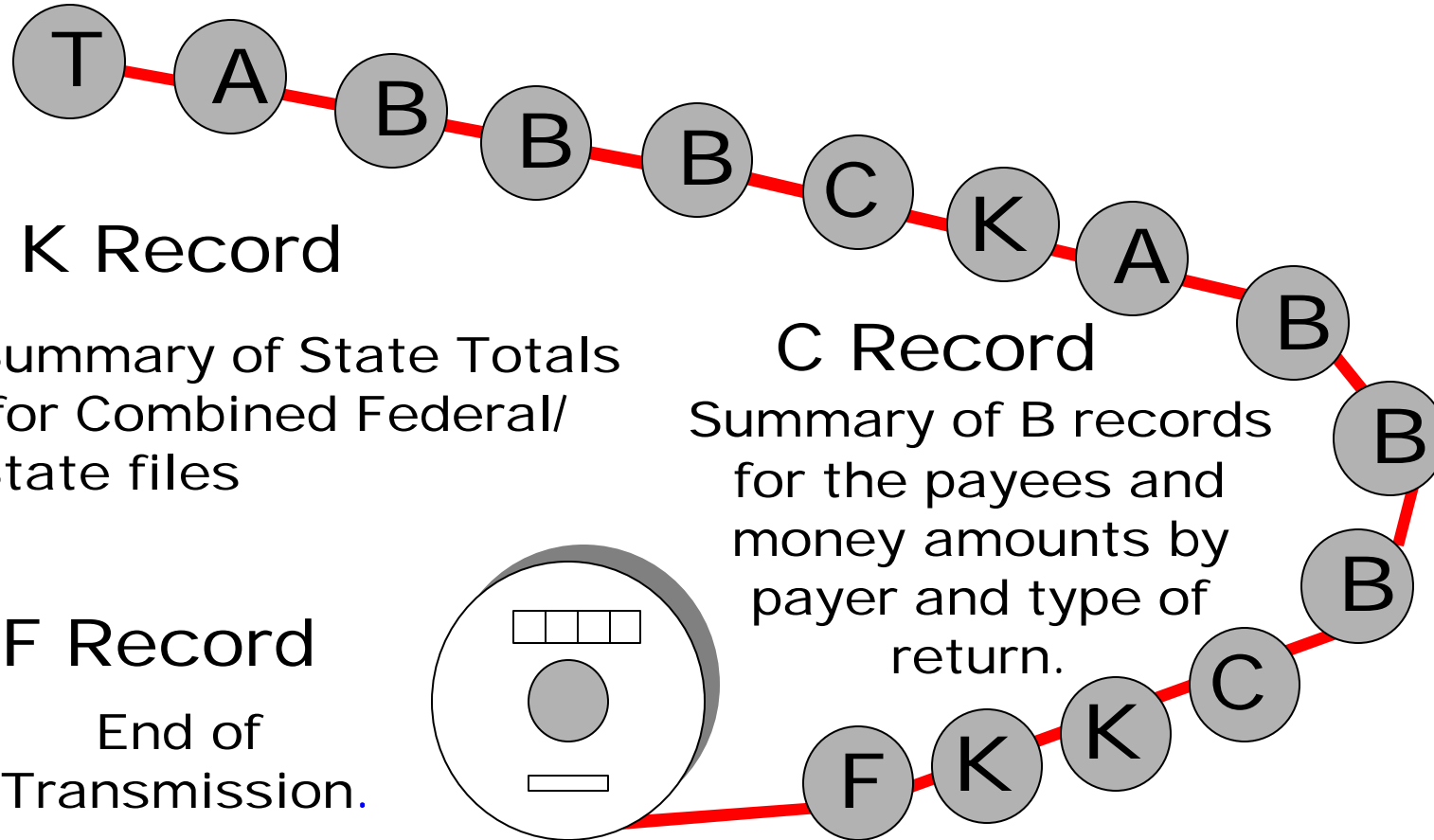
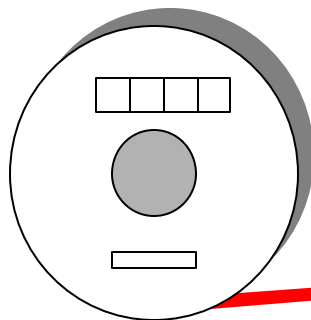
Summary of B records for the payees and money amounts by payer and type of return.

## K Record

Summary of State Totals (for Combined Federal/ State files

## F Record

End of Transmission.





**IRB**

Box \_\_\_\_ of \_\_\_\_

**IRB**

Box \_\_\_\_ of \_\_\_\_

**IRB**

Box \_\_\_\_ of \_\_\_\_

**IRB**

Box \_\_\_\_ of \_\_\_\_



**IRB**

Box \_\_\_\_ of \_\_\_\_

**IRB**

Box \_\_\_\_ of \_\_\_\_

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
230 Murall Dr  
Kearneysville WV 25430

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
230 Murall Dr  
Kearneysville WV 25430


*(Reproduce as needed)*

To expedite handling, please affix this label, or a substitute label, to your OUTSIDE shipping container.



## BEFORE YOU MAIL CHECK LIST



- CORRECT TCC IS LISTED ON MEDIA LABEL, PAPERWORK AND FILE
- FILE FORMATTED ACCORDING TO CURRENT PUBLICATION 1220 (UPDATED ANNUALLY)
- FORM 4804 AND 4802(IF NEEDED)IS FILLED OUT CORRECTLY, **SIGNED AND PLACED IN PACKAGE WITH MEDIA**
- MEDIA IS WELL LABELED; SEE NOTICE 210 FOR INSTRUCTIONS
- MEDIA IS BEING MAILED TO PROPER ADDRESS; SEE PART E PUBLICATION 1220
-  DO NOT SEND FORMS W-2 TO IRS. FILE FORMS W-2 WITH THE SOCIAL SECURITY ADMINISTRATION

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# 2000

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## Instructions for Forms 1099, 1098, 5498, and W-2G

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### What's Inside?

General Instructions for Forms 1099, 1098, 5498, and W-2G

Specific Instructions for:

- Form 1098
- Forms 1098-E and 1098-T
- Forms 1099-A and 1099-C
- Form 1099-B
- Form 1099-DIV
- Form 1099-G
- Forms 1099-INT and 1099-OID
- Form 1099-LTC
- Form 1099-MISC
- Forms 1099-MSA and 5498-MSA
- Form 1099-PATR
- Forms 1099-R and 5498
- Form 1099-S
- Forms W-2G and 5754

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## Specific Instructions:

● Instructions for Form 1098 . . . . .	1098-1
● Instructions for Forms 1098-E and 1098-T . . . . .	ET-1
● Instructions for Forms 1099-A and 1099-C . . . . .	AC-1
● Instructions for Form 1099-B . . . . .	B-1
● Instructions for Form 1099-DIV . . . . .	DIV-1
● Instructions for Form 1099-G . . . . .	G-1
● Instructions for Forms 1099-INT and 1099-OID . . . . .	INT-1
● Instructions for Form 1099-LTC . . . . .	LTC-1
● Instructions for Form 1099-MISC . . . . .	MISC-1
● Instructions for Forms 1099-MSA and 5498-MSA . . . . .	MSA-1
● Instructions for Form 1099-PATR . . . . .	P-1
● Instructions for Forms 1099-R and 5498 . . . . .	R-1
● Instructions for Form 1099-S . . . . .	S-1
● Instructions for Forms W-2G and 5754 . . . . .	W-1
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# General Instructions for Forms 1099, 1098, 5498, and W-2G

Section references are to the Internal Revenue Code unless otherwise noted.

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## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are these **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1099, 1098, 5498, and W-2G, and for instructions on completing a specific form, get the instructions you need from the following list of separate instructions:

- **Instructions for Forms W-2G and 5754**
- **Instructions for Form 1098**
- **Instructions for Forms 1098-E and 1098-T**
- **Instructions for Forms 1099-A and 1099-C**
- **Instructions for Form 1099-B**
- **Instructions for Form 1099-DIV**
- **Instructions for Form 1099-G**
- **Instructions for Forms 1099-INT and 1099-OID**
- **Instructions for Form 1099-LTC**
- **Instructions for Form 1099-MISC**
- **Instructions for Forms 1099-MSA and 5498-MSA**
- **Instructions for Form 1099-PATR**
- **Instructions for Forms 1099-R and 5498**
- **Instructions for Form 1099-S**

If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available. See **How To Get Forms and Publications** on page GEN-2.

**Address change.** The address for requesting an extension of time to file, an extension to provide statements to recipients, or a waiver from filing on magnetic media has changed. The address also has changed for all other mail sent to the Martinsburg Computing Center. See the extension or waiver form you are filing for the correct address. For the new address for requesting an extension of time to provide statements to recipients, see **Extension** on page GEN-10. For the new address for filing magnetic media, see **Where To File** on page GEN-7.

**IRP-BBS change.** The Information Reporting Program Bulletin Board System (IRP-BBS) is no longer available for changes and updates that affect information reporting. Also, IRP-BBS is no longer available for electronic submissions.

Electronic submissions will be filed using the Filing Information Returns Electronically System (FIRE System). The FIRE System operates 24 hours a day, 7 days a week, and is accessed using your personal computer and modem. You may dial the FIRE System at 304-262-2400.

**Successor/predecessor reporting.** For returns filed after 1999, a successor business and a predecessor business may agree that the successor will file one Form 1099, 1098, 5498, or W-2G for each recipient combining the reportable amounts, including any withholding. Rev. Proc. 99-50, 1999-52 I.R.B. 757, expands and replaces the prior successor/predecessor reporting

procedure that applied only to **Form 1099-INT**, Interest Income. See **Successor/predecessor reporting** on page GEN-6.

**Forms 1098-E and 1098-T; no additional reporting for 2000.** The reporting requirements for 1999 are extended to 2000 for **Form 1098-E**, Student Loan Interest Statement, and **Form 1098-T**, Tuition Payments Statement. See the separate **Instructions for Forms 1098-E and 1098-T**.

**Form 1099-C; who must file expanded.** Recent legislation expanded who must report a canceled debt on **Form 1099-C**, Cancellation of Debt, to include any organization a significant trade or business of which is the lending of money. This includes, but is not limited to, finance companies and credit card companies (whether or not affiliated with financial institutions), and applies to cancellations after 1999. See the separate **Instructions for Forms 1099-A and 1099-C (Rev. December 1999)**.

**Forms 1099-R and 5498.** The alternative reporting methods for IRA recharacterizations and Roth reconversions have been extended to 2000 for reporting on **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., and **Form 5498**, IRA Contribution Information. In addition, for Form 1099-R, Code A was changed because the 5-year tax option was repealed, and the instructions were changed to indicate that certain levies are not subject to the early distribution penalty under section 72(t). See the separate **Instructions for Forms 1099-R and 5498**.

## Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST** (1-800-843-5678) if you recognize a child.

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## Items You Should Note

### Reporting Backup Withholding on Forms 1099 and W-2G

If you backup withhold on a payment, you must file the appropriate Form 1099 or W-2G with the IRS and furnish a statement to the recipient to report the amount of the payment and the amount withheld. This applies even though the amount of the payment may be below the normal threshold for filing Form 1099 or W-2G. See **Backup Withholding** on page GEN-2.

### Form 945—Withholding Tax Return

Report backup withholding, voluntary withholding on certain government payments, and withholding from gambling winnings, pensions, annuities, IRAs, military retirement, and Indian gaming profits on **Form 945**, Annual Return of Withheld Federal Income Tax. Generally, file Form 945 for 2000 by January 31, 2001. Any income tax withheld reported on **Form W-2**, Wage and Tax

Statement, including withholding on distributions to plan participants from nonqualified plans, must be reported on **Form 941**, Employer's Quarterly Federal Tax Return. For more information, including the deposit requirements for Form 945, see the separate **Instructions for Form 945**, and **Circular E**, Employer's Tax Guide (Pub. 15).

### Use Form 1096 To Send Forms to the IRS

You must send Copies A of all paper Forms 1099, 1098, 5498, and W-2G to the IRS with **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns. Instructions for completing Form 1096 are contained on Form 1096.

### REMINDER—Substitute Statements to Recipients

If you are not using the official IRS form (generally Copy B) to furnish statements to recipients, be sure your substitute statements comply with the rules in **Pub. 1179**, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G. Pub. 1179, which is revised annually, explains the requirements for format and content of substitute statements to recipients. **If you are using a substitute form to furnish information to recipients, it must comply with the requirements in Pub. 1179.**



*All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.*

### Guide to Information Returns

See the chart on pages GEN-13 and GEN-14 for a brief summary of information return reporting rules.

## Need Help?

**Information reporting call site.** The IRS operates a centralized call site to answer questions about reporting on information returns—Forms 1096, 1098, 1099, 5498, W-2, W-2G, and W-3. If you have questions about reporting on any of these forms, you may call **304-263-8700**. The hours of operation are Monday through Friday from 8:30 a.m. to 4:30 p.m. Eastern time.

**Help for people with disabilities.** Telephone help is available using TTY/TDD equipment. If you have questions about reporting on information returns—Forms 1096, 1098, 1099, 5498, W-2, W-2G, and W-3, you may call 304-267-3367. For other tax information, please call 1-800-829-4059. These numbers are answered by TTY/TDD equipment only.

**Internal Revenue Bulletin.** The Internal Revenue Bulletin (IRB), published weekly, contains newly issued regulations, notices, announcements, legislation, court decisions, and other items of general interest. You may find this publication useful to keep you up to date with current developments. The IRB is sold by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, and is available on a subscription basis. To order the IRB, you can write to the Superintendent of Documents or call 202-512-1800 (voice) or 202-512-1387 (modem). The IRB is also available on the IRS's Internet Web Site at **www.irs.gov**.

**Unresolved tax problems.** Most problems can be resolved with one contact by calling, writing, or visiting an IRS office. But if you have tried unsuccessfully to resolve a problem with the IRS, you should contact the Taxpayer Advocate's office. You will be assigned a personal advocate who is in the best position to try to resolve your problem.

Contact the Taxpayer Advocate if you:

- Are suffering or about to suffer a significant hardship.
- Are facing an immediate threat of adverse action.
- Will incur significant costs if relief is not granted (including fees for professional representation).
- Will suffer irreparable injury or long-term adverse impact if relief is not granted.

- Have experienced a delay of more than 30 calendar days to resolve a tax problem or inquiry.
- Have not received a response or resolution to the problem by the date promised.

You may contact a Taxpayer Advocate by calling a toll-free assistance number, **1-877-777-4778**. Persons who have access to TTY/TDD equipment may call 1-800-829-4059 and ask for the Taxpayer Advocate. If you prefer, you may write to the Taxpayer Advocate at the IRS office that last contacted you.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review. For more information about the Taxpayer Advocate, see **Pub. 1546**, The Taxpayer Advocate Service of the IRS.

## How To Get Forms and Publications



*Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file with the IRS Form 1096 or Copy A of Forms 1098, 1099, or 5498 that you print from the IRS's Internet Web Site or the CD-ROM.*

**Personal computer.** You can access the IRS's Internet Web Site 24 hours a day, 7 days a week at **www.irs.gov** to:

- Download forms, instructions, and publications.
- See answers to frequently asked tax questions.
- Search publications on-line by topic or keyword.
- Send us comments or request help via e-mail.
- Sign up to receive local and national tax news by e-mail.

You can also reach us using file transfer protocol at **ftp.irs.gov**.

**CD-ROM.** Order **Pub. 1796**, Federal Tax Products on CD-ROM, and get:

- Current year forms, instructions, and publications.
- Prior year forms, instructions, and publications.
- Popular forms that may be filled in electronically, printed out for submission, and saved for recordkeeping.
- The Internal Revenue Bulletin.

Buy the CD-ROM on the Internet at **www.irs.gov/cdorders** from the National Technical Information Service (NTIS) or call **1-877-CDFORMS** (1-877-233-6767) toll free.

**By phone and in person.** You can order forms and publications 24 hours a day, 7 days a week, by calling **1-800-TAX-FORM** (1-800-829-3676). You can also get most forms and publications at your local IRS office.

## Backup Withholding

Interest, dividends, rents, royalties, commissions, nonemployee compensation, and certain other payments (including broker and barter exchange transactions, reportable gross proceeds paid to attorneys, and certain payments made by fishing boat operators) may be subject to backup withholding at a 31% rate. To be subject to backup withholding, a payment must be a reportable interest or dividend payment under section 6049(a), 6042(a), or 6044 (if the patronage dividend is paid in money or qualified check), or an "other" reportable payment under section 6041, 6041A(a), 6045, 6050A, or 6050N. If the payment is one of these reportable payments, backup withholding will apply if:

1. The payee fails to furnish his or her taxpayer identification number (TIN) to you,
2. For interest, dividend, broker and barter exchange accounts opened or instruments acquired after 1983, the payee fails to certify, under penalties of perjury, that the TIN provided is correct.
3. The IRS notifies you to impose backup withholding because the payee furnished an incorrect TIN ("B" notice),
4. For interest and dividend accounts or instruments, you are notified that the payee is subject to backup withholding (under section 3406(a)(1)(C), "C" notice), or

5. For interest and dividend accounts opened or instruments acquired after 1983, the payee fails to certify to you, under penalties of perjury, that he or she is not subject to backup withholding under 4 above.

Except as explained in 2 above, reportable "other" payments are subject to backup withholding only if 1 or 3 above applies.


Some payees are exempt from backup withholding. For a list of exempt payees and other information, see **Form W-9**, Request for Taxpayer Identification Number and Certification, and the separate **Instructions for the Requester of Form W-9**.

The following are not subject to backup withholding:


1. Real estate transactions reportable under section 6045(e),
2. Foreclosures and abandonments reportable under section 6050J,
3. Canceled debts reportable under section 6050P,
4. Distributions from medical savings accounts,
5. Long-term care benefits,
6. Distributions from any retirement account, including IRAs,
7. Section 404(k) distributions from an employee stock ownership plan (ESOP),
8. Fish purchases for cash reportable under section 6050R.
9. Unemployment compensation,
10. State or local income tax refunds, and
11. Qualified state tuition program earnings.

Generally, the period for which the 31% should be withheld is as follows:

**1. Failure to furnish TIN in the manner required.** Withhold on payments made until the TIN is furnished in the manner required. Special backup withholding rules may apply if the payee has applied for a TIN. The payee may certify to this on Form W-9 by noting "Applied For" in the TIN block and by signing the form. This form then becomes an "awaiting-TIN" certificate, and the payee has 60 days to obtain a TIN and furnish it to you. If you do not receive a TIN from the payee within 60 days and you have not already begun backup withholding, begin backup withholding and continue until the TIN is provided.

 *The 60-day exemption from backup withholding applies only to interest and dividend payments and certain payments made with respect to readily tradable instruments. Therefore, any other payment, such as nonemployee compensation, is subject to backup withholding even if the payee has applied for and is awaiting a TIN. For information about whether backup withholding applies during the 60-day period, see Regulations section 31.3406(g)-3.*


**2. Notice from the IRS that payee's TIN is incorrect ("B" notice).** You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of the "B" notice, but you must withhold on any reportable payment made to the account more than 30 business days after you received the "B" notice. Stop withholding within 30 days after you receive a certified Form W-9 (or acceptable substitute).

 *The IRS will furnish a notice to you, and you are required to promptly furnish a copy of such notice, or an acceptable substitute, to the payee. For further information, see Regulations section 31.3406(d)-5 and Rev. Proc. 93-37, 1993-2 C.B. 477.*

If you receive two incorrect TIN notices within 3 years for the same account, follow the procedures in Regulations section 31.3406(d)-5(g) and Rev. Proc. 93-37.


**3. Notice from the IRS that payee is subject to backup withholding due to notified payee underreporting ("C" notice).** You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of the "C" notice, but you must withhold on any reportable payment made to the account more than 30 business days after you receive the "C" notice. The IRS will notify you in writing when to stop withholding, or the payee may furnish you a written certification from the IRS stating when the withholding

should stop. In most cases, the stop date will be January 1 of the year following the year of the notice.

 *You must notify the payee when withholding under this procedure starts. For further information, see Regulations section 31.3406(c)-1(d).*

**4. Payee failure to certify that he or she is not subject to backup withholding.** Withhold on reportable interest and dividends until certification has been received.

For exceptions to these general timing rules, see section 3406(e).

 *For information about backup withholding on gambling winnings, see the separate Instructions for Forms W-2G and 5754.*

**Reporting backup withholding.** Report backup withholding on **Form 945**, Annual Return of Withheld Federal Income Tax. For more information, see the **Instructions for Form 945**. Also, report backup withholding and the amount of the payment on Form W-2G, 1099-B, DIV, G, INT, MISC, OID, or PATR even if the amount of the payment is less than the amount for which an information return is normally required.

**Additional information.** For more information about backup withholding, see **Pub. 1679**, A Guide to Backup Withholding, and **Pub. 1281**, Backup Withholding on Missing and Incorrect Name/TINs.

## Penalties


The following penalties generally apply to the person required to file information returns. The penalties apply to paper filers as well as to magnetic media/electronic filers.

### Failure To File Correct Information Returns by the Due Date (Section 6721)

If you fail to file a correct information return by the due date and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to file timely, you fail to include all information required to be shown on a return, or you include incorrect information on a return. The penalty also applies if you file on paper when you were required to file on magnetic media, you report an incorrect TIN or fail to report a TIN, or you fail to file paper forms that are machine readable.

The amount of the penalty is based on when you file the correct information return. The penalty is:

- **\$15** per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$75,000 per year (\$25,000 for small businesses, defined later).
- **\$30** per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$150,000 per year (\$50,000 for small businesses).
- **\$50** per information return if you file after August 1 or you do not file required information returns; maximum penalty \$250,000 per year (\$100,000 for small businesses).

 *If you **do not** file corrections and you do not meet any of the exceptions to the penalty described below, the penalty is **\$50** per information return.*

**Lower maximum penalties for small businesses.** For small business penalties shown in parentheses above, you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the information returns were due are \$5 million or less.

**Exceptions to the penalty.** The following are exceptions to the failure to file penalty:

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.

2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the IRS from processing the return, from correlating the information required to be shown on the return with the information shown on the payee's tax return, or from otherwise putting the return to its intended use. Errors and omissions that are never inconsequential are those related to (a) a TIN, (b) a payee's surname, and (c) any money amount.

3. **De minimis rule for corrections.** Even though you cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to a certain number of returns if you:

- a. Filed those information returns,
- b. Either failed to include all the information required on a return or included incorrect information, and
- c. Filed corrections by August 1.

If you meet all the conditions in **a**, **b**, and **c** above, the penalty for filing incorrect returns (but not for filing late) will not apply to the greater of 10 information returns or 1/2 of 1% of the total number of information returns you are required to file for the calendar year.

**Intentional disregard of filing requirements.** If any failure to file a correct information return is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$100 per information return with no maximum penalty.

### Failure To Furnish Correct Payee Statements (Section 6722)

If you fail to provide correct payee statements and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by January 31 (see part **H** on page GEN-8), you fail to include all information required to be shown on the statement, or you include incorrect information on the statement. "Payee statement" has the same meaning as "statement to recipient" as used in part **H** on page GEN-8.

The penalty is \$50 per statement, no matter when the correct statement is furnished, with a maximum of \$100,000 per year. The penalty is **not** reduced for furnishing a correct statement by August 1.

**Exception.** An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to (a) a dollar amount, (b) a significant item in a payee's address, (c) the appropriate form for the information provided (i.e., whether the form is an acceptable substitute for the official IRS form), and (d) whether the statement was furnished in person or by "statement mailing," when required.

**Intentional disregard of payee statement requirements.** If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$100 per payee statement with no maximum penalty.

### Forms 1099-MSA, 1099-R, 5498, and 5498-MSA

The penalties under sections 6721 and 6722 **do not** apply to:

- Forms 1099-MSA and 5498-MSA, which are filed under section 220(h).
- Form 5498, which is filed under sections 408(i) and 530(h).
- Form 1099-R for distributions from education IRAs (Ed IRAs), which is filed under section 530(h).


The penalty for failure to timely file Form 1099-MSA, 5498-MSA, 5498, or 1099-R (for Ed IRAs only) is \$50 per return with no maximum, unless the failure is due to reasonable cause. See section 6693.

### Civil Damages for Fraudulent Filing of Information Returns

If you willfully file a fraudulent information return for payments you claim you made to another person, that person may be able to sue you for damages. You may have to pay \$5,000 or more.

### Magnetic Media/Electronic Reporting

Magnetic media reporting may be required for filing all information returns discussed in this publication. Acceptable forms of magnetic media are 1/2-inch magnetic tape; IBM 3480, 3490 or AS400 compatible tape cartridges (including 8mm); and 3 1/2-inch diskettes.


 **TIP** *If you are required to file on magnetic media, you may choose to file electronically instead. You may choose magnetic media or electronic filing even if you are not required to file on magnetic media.*

**Pub. 1220**, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Magnetically or Electronically, is the revenue procedure for magnetic media and electronic reporting. Different types of payments, such as interest, dividends, and rents, may be reported on the same tape or other submission.

Electronic submissions are filed using the Filing Information Returns Electronically System (FIRE System). The FIRE System operates 24 hours a day, 7 days a week, and is accessed using your personal computer and modem. You may dial the FIRE System at 304-262-2400. For more information, see Pub. 1220.

**Due dates.** File Forms 1098, 1099, or W-2G on magnetic media by February 28, 2001. If you file electronically, you may file by April 2, 2001. File Form 5498 or 5498-MSA by May 31, 2001. See part **H** on page GEN-8 about providing Forms 1098, 1099, 5498, and W-2G or statements to recipients.


**Extension of time to file.** For information about requesting an extension of time to file, see **Extension** on page GEN-7.

 **CAUTION** *If you file on magnetic media or electronically, do not file the same returns on paper.*

**Who must file on magnetic media.** If you are required to file 250 or more information returns (see **Exception** below), you must file on magnetic media. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 1098 and 100 Forms 1099-A, you must file Forms 1098 on magnetic media, but you are not required to file Forms 1099-A on magnetic media.

The magnetic media filing requirement does not apply if you apply for and receive a hardship waiver. See **How to request a waiver from filing on magnetic media** on page GEN-5.

**Exception.** At the time of publication of these instructions, regulations had not been issued that would require you to file Forms 1098-E or 1098-T on magnetic media. However, you may choose to file them on magnetic media or electronically.

 **TIP** *The IRS encourages you to file on magnetic media or electronically even though you are filing fewer than 250 returns.*

**Filing requirement applies separately to originals and corrections.** The magnetic media filing requirements apply separately to original returns and corrected returns. Originals and corrections are not aggregated to determine whether you are required to file on magnetic media. For example, if you file 400 Forms 1098 on magnetic media and you are making 75 corrections, your corrections can be filed on paper because the number of corrections for Form 1098 is less than the 250 filing requirement. However, if you were filing 250 or more Form 1098 corrections, they would have to be filed on magnetic media.

**How to get approval to file on magnetic media.** File **Form 4419**, Application for Filing Information Returns Magnetically/Electronically, at least 30 days before the due date of the returns. File only one Form 4419 for all types of returns that will be filed on magnetic media. Once you have received approval, you need not reapply each year. The IRS will provide



a written reply to the applicant and further instructions at the time of approval, usually within 30 days. A magnetic media reporting package, which includes all the necessary transmittals and instructions, will be mailed to all approved filers.

**How to request a waiver from filing on magnetic media.** To receive a waiver from the required filing of information returns on magnetic media, submit **Form 8508**, Request for Waiver From Filing Information Returns on Magnetic Media, at least 45 days before the due date of the returns. You cannot apply for a waiver for more than 1 tax year at a time. If you need a waiver for more than 1 tax year, you must reapply at the appropriate time each year.

If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if you submit original returns on magnetic media but you want to submit your corrections on paper, a waiver must be approved for the corrections if you must file 250 or more corrections.

If you are seeking, in a single application, approval for filing returns on magnetic media and, if approval is not granted, a waiver from the magnetic media filing requirement, submit both Forms 4419 and 8508.

If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.



*Because you are not required to file Forms 1098-E or 1098-T on magnetic media for 2000, you are not required to obtain a waiver to file Forms 1098-E or 1098-T on paper.*

**Penalty.** If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver, you may be subject to a penalty of \$50 per return for failure to file on magnetic media unless you establish reasonable cause. However, you can file up to 250 returns on paper; those returns will not be subject to a penalty for failure to file on magnetic media.

The penalty applies separately to original returns and corrected returns. See **Filing requirement applies separately to originals and corrections** on page GEN-4.

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## Paper Document Reporting

If you are required to file 250 or more information returns, see **Magnetic Media/Electronic Reporting** on page GEN-4.

**Common errors.** Please be sure to check your returns to prevent the following common errors:

1. Duplicate filing. **Do not** send the same information to the IRS more than once.

2. Filer's name, address, and taxpayer identification number are not the same on Form 1096 and Forms 1099, 1098, 5498, or W-2G.

3. Decimal point to show dollars and cents omitted. For example, 1230.00 is correct, not 1230.

4. Two or more types of returns submitted with one Form 1096 (e.g., Forms 1099-INT and 1099-MISC with one Form 1096). You must submit a separate Form 1096 with each type of return.

**Required format.** Because paper forms are read by machine (optical character recognition equipment), all Forms 1096, and Copies A of Forms 1098, 1099, and 5498 must be prepared in accordance with the following instructions. If these instructions are not followed, you may be subject to a penalty of \$50 for each incorrectly filed document.

1. **Do not cut or separate** Copies A of the forms that are printed two or three to a sheet (except Form W-2G). Forms 1098, 1099, and 5498 are printed two or three to an 8- by 11-inch sheet. Form 1096 is printed one to an 8- by 11-inch sheet. These forms must be submitted to the IRS on the 8- by 11-inch sheet. If at least one form on the page is correctly

completed, you must submit the entire page. Forms W-2G may be separated and submitted as single forms. Send the forms to the IRS in a flat mailing (not folded).

2. **No photocopies** of any forms are acceptable. See **How To Get Forms and Publications** on page GEN-2.

3. **Do not staple**, tear, or tape any of these forms. It will interfere with the IRS's ability to scan the documents.

4. Pinfeed holes on the form are **not** acceptable. Pinfeed strips outside the 8- by 11-inch area must be removed before submission, without tearing or ripping the form. Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet (8 by 11 inches) before they are filed with the IRS.

5. **Do not** change the title of any box on any form. Do not use a form to report information that is not properly reportable on that form. If you are unsure of where to report the data, call the information reporting call site at 304-263-8700.

6. Report information only in the appropriate boxes provided on the forms. Make only one entry in each box unless otherwise indicated in the form's specific instructions.

7. **Do not** submit any copy other than Copy A to the IRS.

8. **Do not** use prior year forms unless you are reporting prior year information; do not use subsequent year forms for the current year. Because forms are read by machine, you **must** use the current year form to report current year information.

9. Use the official forms or substitute forms that meet the specifications in the 2000 **Pub. 1179**, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G. If you submit substitute forms that do not meet the current specifications and that are not machine scannable, you may be subject to a penalty of \$50 for each return for improper format.

10. **Do not** use dollar signs (\$) (they are preprinted on the forms), ampersands (&), asterisks (\*), commas (,), or other special characters in money amount boxes.

**Suggested format.** Below are suggestions that will allow the IRS to process the submitted forms in the most economical manner:

1. Although handwritten forms are acceptable, the IRS prefers that you type or machine print data entries using 10 pitch (pica) or 12 pitch (elite) black type. Use block print, not script characters. Insert data in the middle of the blocks well separated from other printing and guidelines, and take other measures to guarantee a dark black, clear, sharp image.

2. Do not enter 0 (zero) or "None" in money amount boxes when no entry is required. Leave the boxes blank unless the instructions specifically require that you enter a 0 (zero). For example, in some cases, you must enter 0 (zero) to make corrections. See **Corrected Returns** on page GEN-10.

3. Do not enter number signs (#); for example, enter RT 2, not Rt. #2.

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## A. Who Must File

See the separate specific instructions for each form.

**Nominee/middleman returns.** Generally, if you receive a Form 1099 for amounts that actually belong to another person, you are considered a nominee recipient. You must file a Form 1099 (the same type of Form 1099 you received) for each of the other owners showing the amounts allocable to each. You must also furnish a Form 1099 to each of the other owners. File the new Form 1099 with **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, with the Internal Revenue Service Center for your area. On each new Form 1099, list yourself as the "payer" and the other owner as the "recipient." On Form 1096, list yourself as the "filer." A husband or wife is not required to file a nominee return to show amounts owned by the other. The nominee, not the original payer, is responsible for filing the subsequent Forms 1099 to show the amount allocable to each owner.

**Successor/predecessor reporting.** For returns filed after 1999, a successor business (a corporation, partnership, or sole proprietorship) and a predecessor business (a corporation, partnership, or sole proprietorship) may agree that the successor will assume all or some of the predecessor's information reporting responsibilities. This would permit the successor to file one Form 1099, 1098, 5498, or W-2G for each recipient combining the predecessor's and successor's reportable amounts, including any withholding. If they so agree and the successor satisfies the predecessor's obligations and the requirements described below, the predecessor does not have to file the specified information returns for the acquisition year. If the successor and predecessor do not agree, or if the requirements described below are not met, the predecessor and the successor each must file Forms 1099, 1098, 5498, and W-2G for their own reportable amounts as they usually would. For more information and the rules that apply to filing combined Forms 1042-S, see Rev. Proc. 99-50, 1999-52 I.R.B. 757.

The combined reporting procedure is available when all the following conditions are met:

1. The successor acquires from the predecessor substantially all the property **(a)** used in the trade or business of the predecessor, including when one or more corporations are absorbed by another corporation under a merger agreement, or **(b)** used in a separate unit of a trade or business of the predecessor.

2. The predecessor is required to report amounts, including any withholding, on information returns for the year of acquisition, for the period before the acquisition.

3. The predecessor is not required to report amounts, including withholding, on information returns for the year of acquisition, for the period after the acquisition.

**Combined reporting agreement.** The predecessor and the successor must agree on the specific forms to which the combined reporting procedure applies and that the successor assumes the predecessor's entire information reporting obligations for these forms. The predecessor and successor may agree to:

1. Use the combined reporting procedure for all Forms 1099, 1098, 5498, and W-2G or

2. Limit the use of the combined reporting procedure to **(a)** specific forms or **(b)** specific reporting entities, including any unit, branch, or location within a particular business entity that files its own separate information returns. For example, if the predecessor's and successor's only compatible computer or recordkeeping systems are their dividends paid ledgers, they may agree to use the combined reporting procedure for Forms 1099-DIV only. Similarly, if the only compatible systems are in their Midwest branches, they may agree to use the combined reporting procedure for only the Midwest branches.

**Combined reporting procedure.** On each Form 1099, 1098, 5498, and W-2G filed by the successor, the successor must combine the predecessor's (before the acquisition) and successor's reportable amounts, including any withholding, for the acquisition year and report the aggregate. For transactional reporting on Forms 1099-B, Proceeds From Broker and Barter Exchange Transactions, the successor must report each of the predecessor's transactions and each of its own transactions on each Form 1099-B. The successor may include with the form sent to the recipient additional information explaining the combined reporting.

For purposes of the combined reporting procedure, the sharing of taxpayer identification numbers and other information obtained under section 3406 for information reporting and backup withholding purposes does not violate the confidentiality rules in section 3406(f).

**Statement required.** The successor must file a statement with the IRS indicating the forms that are being filed on a combined basis under Rev. Proc. 99-50. The statement must:

1. Include the predecessor's and successor's names, addresses, telephone numbers, EINs, and the name and

telephone number of the person responsible for preparing the statement.

2. Reflect separately the amount of Federal income tax withheld by the predecessor and by the successor for each type of form being filed on a combined basis (e.g., Form 1099-R or 1099-MISC).

3. Be sent separately from Forms 1099, 1098, 5498, and W-2G by the forms' due date to: IRS-Martinsburg Computing Center, Attn: Chief, Information Returns Branch, Mail Stop 360, 230 Murall Dr., Kearneysville, WV 25430. Do not send Form 1042-S statements to this address. See Rev. Proc. 99-50, 1999-52 I.R.B. 757.

**Qualified settlement funds.** A qualified settlement fund must file information returns for distributions to claimants if any transferor to the fund would have been required to file if the transferor had made the distributions directly to the claimants.

For distributions to transferors, a fund is subject to the information reporting requirements of sections 6041 and 6041A and may be required to file Form 1099-MISC. For payments made by the fund on behalf of a claimant or transferor, the fund is subject to these same rules and may have to file Form 1099-MISC for the payment to a third party. For information reporting purposes, a payment made by the fund on behalf of a claimant or transferor is considered a distribution to the claimant or transferor and is also subject to information reporting requirements.

The same filing requirements, exceptions, and thresholds apply to qualified settlement funds as apply to any other payer. That is, the fund must determine the character of the payment (e.g., interest, fixed and determinable income, or gross proceeds from broker transactions) and to whom the payment is made (e.g., corporation or individual).

For more information, see Regulations section 1.468B-2(l). In addition, at the time of publication, proposed rules had been issued under section 468B relating to escrow and other similar funds (1999-10 I.R.B. 28).

**Payments to foreign persons.** See the **Instructions for Form 1042-S**, relating to U.S. source income of foreign persons, for reporting requirements relating to payments to foreign persons.

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## B. When To File

File Forms 1098, 1099, or W-2G on paper or magnetic media by February 28, 2001 (April 2, 2001, if filing electronically). Also file Form 1096 with paper forms. Brokers may file Forms 1096 and 1099-B anytime after the reporting period they elect to adopt (month, quarter, or year), but not later than the due date. File Form 1096 with Forms 5498 and 5498-MSA by May 31, 2001.

You will meet the requirement to file if the form is properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday. See part **H** on page GEN-8 about providing Forms 1098, 1099, 5498, and W-2G or statements to recipients.

**Private delivery services.** You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing" rule for information returns. The most recent list of designated private delivery services was published in August 1999 by the IRS. The list includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M.

The private delivery service can tell you how to get written proof of the mailing date.

**Reporting period.** Forms 1098, 1099, and W-2G are used to report amounts received, paid, credited, or canceled in the case of Form 1099-C, during the calendar year. Forms 5498 and 5498-MSA are used to report amounts contributed and the fair market value of an account for the calendar year.

**Extension.** For paper or magnetic media/electronic filing, you may request an extension of time to file by sending **Form 8809**, Request for Extension of Time To File Information Returns, to the address shown on the form. You must request the extension by the due date of the returns for your request to be considered. If your request for an extension is approved, you will have an additional 30 days to file. You may request an additional extension. See Form 8809. For information on extensions for providing statements to recipients, see **Extension** on page GEN-10.

**TIP** *If you are requesting extensions of time to file for more than 50 payers, you must submit the extension requests magnetically or electronically. For instructions, see Pub. 1220.*

## C. Where To File

Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in	Use the following Internal Revenue Service Center address
Alabama, Arizona, Florida, Georgia, Louisiana, Mississippi, New Mexico, Texas	Austin, TX 73301
Arkansas, Connecticut, Kentucky, Maine, Massachusetts, New Hampshire, New York, Ohio, Rhode Island, Vermont, West Virginia	Cincinnati, OH 45999
Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia	Memphis, TN 37501
Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming	Ogden, UT 84201

If you have no legal residence, principal place of business, or principal office or agency in any Internal Revenue district, file your return with the Internal Revenue Service Center, Cincinnati, OH 45999.

Send all information returns filed magnetically to IRS-Martinsburg Computing Center, Information Reporting Program, 230 Murall Drive, Kearneysville, WV 25430.

## D. Filing Returns With the IRS

The IRS strongly encourages the quality review of data before filing to prevent erroneous notices being mailed to payees (or others for whom information is being reported).

If you must file any Form 1098, 1099, 5498, or W-2G with the IRS and you are filing paper forms, you must send a **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, with each type of form as the transmittal document. You must group the forms by form number and submit each group with a separate Form 1096. For example, if you file Forms 1098, 1099-A, and 1099-MISC, complete one Form 1096 to transmit Forms 1098, another Form 1096 to transmit Forms 1099-A, and a third Form 1096 to transmit Forms 1099-MISC. Specific instructions for completing Form 1096 are included on Form 1096. Also see **Transmitters, paying agents, etc.** below. For information about filing corrected returns, see **Corrected Returns** on page GEN-10.

If you are filing on magnetic media or electronically, **Form 4804**, Transmittal of Information Returns Reported Magnetically/Electronically, must accompany your submissions.

For information on the preparation of transmittal documents for magnetic media and paper document reporting (Forms 4804 and 1096), see Rev. Proc. 84-24, 1984-1 C.B. 465.

Report payments on the appropriate form, as explained in the separate specific instructions.

See Pub. 1179 for specifications for private printing of substitute information returns. You may not request special consideration. Only forms that conform with the official form and the specifications in Pub. 1179 are acceptable.

**TIP** *If a payment includes noncash property, show the fair market value of the property at the time of payment. Although, generally, you are not required to report payments smaller than the minimum described for a form, you may prefer, for economy and your own convenience, to file Copies A for all payments. The IRS encourages this.*

**Transmitters, paying agents, etc.** A transmitter, service bureau, paying agent, or disbursing agent (hereafter referred to as "agent") may sign Form 1096 or 4804 on behalf of any person required to file (hereafter referred to as "payer") if the conditions in 1 and 2 below are met:

1. The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law and

2. The agent signs the form and adds the caption "For: (Name of payer)."

Signing of the form by an authorized agent on behalf of the payer does not relieve the payer of the liability for penalties for not filing a correct, complete, and timely Form 1096 or 4804 and accompanying returns.

Forms 1098, 1099, 5498, W-2G, or acceptable substitute statements to recipients issued by a service bureau or agent should show the same payer's name as shown on the information returns filed with the IRS.

For information about the election to report and deposit backup withholding under the agent's TIN and how to prepare forms if the election is made, see Rev. Proc. 84-33, 1984-1 C.B. 502.

**Keeping copies.** Generally, keep copies of information returns you filed with the IRS or have the ability to reconstruct the data for at least 3 years from the due date of the returns, 4 years for Form 1099-C. Keep copies of information returns for 4 years if backup withholding was imposed.

## E. Shipping and Mailing

Send the forms to the IRS in a flat mailing (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name and TIN, number the packages consecutively, and place Form 1096 in package number one. Postal regulations require forms and packages to be sent by First-Class Mail.

## F. Recipient Names and Taxpayer Identification Numbers

Taxpayer identification numbers (TINs) are used to associate and verify amounts you report to the IRS with corresponding amounts on tax returns. Therefore, it is important that you furnish correct names, social security numbers (SSNs), individual taxpayer identification numbers (ITINs), or employer identification numbers (EINs) for recipients on the forms sent to the IRS.

The IRS prefers that you use Form W-9 (or Form W-9S, if appropriate) to request the recipient's TIN if the recipient is a U.S. person and a Form W-8 if the recipient is a foreign person. (You may be subject to a penalty for an incorrect or missing TIN on an information return. See **Penalties** on page GEN-3.) You

are required to maintain the confidentiality of information obtained on a Form W-9/W-9S relating to the taxpayer's identity (including SSNs, EINs, and ITINs), and you may use such information only to comply with the tax laws.

**TIP** *If the recipient does not provide a TIN, leave the box for providing the TIN to the IRS blank on the Form 1098, 1099, 5498, or W-2G. See **Backup Withholding** on page GEN-2. **Only one recipient TIN can be entered on the form.***

The TIN for individual recipients of information returns is the SSN. See the information about sole proprietors below. For other recipients, including corporations, partnerships, and estates, the TIN is the EIN.

SSNs have nine digits separated by two hyphens (000-00-0000), and EINs have nine digits separated by only one hyphen (00-0000000).

Show the full name and address in the section provided on the information return. **If payments have been made to more than one recipient or the account is in more than one name, show as the ONLY name on the first name line the name of the recipient whose TIN is shown on the return.** You may show the names of any other individual recipients in the area below the first line, if desired. Form W-2G filers, see the separate **Instructions for Forms W-2G and 5754.**

For **sole proprietors**, show the individual's name on the first name line; on the second name line, you may enter the business name. You may not enter only the business name. For the TIN, enter either the individual's SSN or the EIN of the business (sole proprietorship). The IRS prefers that you enter the SSN.

**Electronic submission of Forms W-9.** Requesters may establish a system for payees to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a TIN to the requester. Generally, the electronic system must—

1. Ensure the information received is the information sent, and document all occasions of user access that result in the submission.
2. Make it reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9.
3. Provide the same information as the paper Form W-9.
4. Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.

**TIP** *For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.*

5. Be able to supply a hard copy of the electronic Form W-9 if the Internal Revenue Service requests it.

Additional requirements may apply. See Announcement 98-27, 1998-1 C.B. 865.

**Electronic submission of Forms W-9S.** See the separate **Instructions for Forms 1098-E and 1098-T.**

## G. Filer's Name, Identification Number, and Address

The TIN for filers of information returns, including sole proprietors and nominees/middlemen, is the Federal EIN. However, sole proprietors and nominees/middlemen who are not otherwise required to have an EIN should use their SSNs. A sole proprietor is not required to have an EIN unless he or she has a Keogh plan or must file excise or employment tax returns. See **Pub. 583, Starting a Business and Keeping Records.**

The filer's name and TIN should be consistent with the name and TIN used on the filer's other tax returns. The name of the filer's paying agent or service bureau must not be used in place of the name of the filer.

To obtain an EIN, file **Form SS-4**, Application for Employer Identification Number, with the IRS. If you do not have your EIN by the time you must file information returns, enter "Applied For" in any space where the number must be entered.

Enter your street address including the room, suite, or other unit number on the forms.

## H. Statements to Recipients (Borrowers, Debtors, Insureds, Participants, Payers/Borrowers, Policyholders, Students, Transferors, or Winners on Certain Forms)

If you are required to file Form 1099, 1098, 5498, or W-2G, you also must furnish statements to recipients containing the information furnished to the IRS and, in some cases, additional information. Be sure that the statements you provide to recipients are clear and legible.

If you are not using the official IRS form to furnish statements to recipients, see **Pub. 1179**, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498, and W-2G, for specific rules about providing "substitute" statements to recipients. Generally, a substitute is any statement other than Copy B (and C in some cases) of the official form. You may develop them yourself or buy them from a private printer. However, the substitutes must comply with the format and content requirements specified in **Pub. 1179.**

Different rules apply to furnishing statements to recipients depending on the type of payment (or contribution) you are reporting and the form you are filing. See the heading below for the type of payment you are reporting. The headings are (1) **Interest, dividend, and royalty payments**; (2) **Real estate transactions**; and (3) **Other payments.**

**Telephone number.** You are required to include the telephone number of a person to contact on the following statements to recipients: W-2G, 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-DIV, 1099-G (excluding state and local income tax refunds), 1099-INT, 1099-LTC, 1099-MISC (excluding fishing boat proceeds), 1099-OID, 1099-PATR, and 1099-S. You may include the telephone number in any conspicuous place on the statements. This number must provide direct access to an individual who can answer questions about the statement. Although not required, if you report on other Forms 1099 and 5498, you are encouraged to furnish telephone numbers. The telephone number is not required on forms filed with the IRS.

**Interest, dividend, and royalty payments.** For payments of dividends under section 6042 (reported on Form 1099-DIV) or patronage dividends under section 6044 (reported on Form 1099-PATR), interest (including original issue discount) under section 6049 (reported on Form 1099-INT or 1099-OID), or royalties under section 6050N (reported on Form 1099-MISC or 1099-S), you are required to furnish an official IRS Form 1099 or an acceptable substitute Form 1099 to a recipient either in person or in a statement mailing by First-Class Mail to the recipient's last known address. Statements may be sent by intraoffice mail if you use intraoffice mail to send account information and other correspondence to the recipient.

**Statement mailing requirements for Forms 1099-DIV, 1099-INT, 1099-OID, and 1099-PATR, and forms reporting royalties only.** The following statement mailing requirements apply only to Forms 1099-DIV (except for section 404(k) dividends), 1099-INT (except for interest reportable in the course of your trade or business under section 6041), 1099-OID, 1099-PATR, and royalties reported under section 6050N (on Form 1099-MISC or 1099-S). The mailing must contain the official IRS Form 1099 or an acceptable substitute and may also contain the following **enclosures**: (1) Forms W-2, W-8, W-9, or other Forms W-2G, 1098, 1099, and 5498 statements; (2) a check from the account being reported; (3) a letter explaining why no check is enclosed; (4) a statement of the person's account shown on Form 1099; and (5) a letter explaining the tax consequences of the information shown on the recipient statement.

A statement of the person's account (**year-end account summary**) that you are permitted to enclose in a statement mailing may include information similar to the following: (1) tax-exempt interest (including accrued OID) and the part of such interest exempt from the alternative minimum tax or from state or local income tax; (2) the part of a mutual fund distribution that is interest on U.S. Treasury obligations; (3) accrued interest expense on the purchase of a debt obligation; and (4) the cost or other basis of securities and the gain/loss on the sale of securities.

No additional enclosures, such as advertising, promotional material, or a quarterly or annual report, are permitted. Even a sentence or two on the year-end statement describing new services offered by the payer is not permitted. Logos are permitted on the envelope and on any nontax enclosures.

**TIP** *The IRS intends to amend the regulations to allow the use of certain logos and identifying slogans on substitute statements to recipients that are subject to the statement mailing requirements. Until the new regulations are issued, the IRS will not assess penalties for the use of a logo (including the name of the payer in any typeface, font, or stylized fashion and/or a symbolic icon) or slogan on a statement to a recipient if the logo or slogan is used by the payer in the ordinary course of its trade or business. In addition, use of the logo or slogan must not make it less likely that a reasonable payee will recognize the importance of the statement for tax reporting purposes. See Notice 96-62, 1996-2 C.B. 228.*

A recipient statement may be perforated to a check or to a statement of the recipient's specific account. The check or account statement to which the recipient statement is perforated must contain, in bold and conspicuous type, the legend "Important Tax Return Document Attached."

The legend "Important Tax Return Document Enclosed" must appear in a bold and conspicuous manner on the outside of the envelope and on each letter explaining why no check is enclosed, or on each check or account statement that is not perforated to the recipient statement. The legend is not required on any tax form, tax statement, or permitted letter of tax consequences included in a statement mailing. Further, you need not pluralize the word "document" in the legend simply because more than one recipient statement is enclosed.

**TIP** *If you provide recipient statements in a "separate mailing" that contains only recipient statements, Forms W-8 and W-9, and a letter explaining the tax consequences of the information shown on a recipient statement included in the envelope, you are not required to include the legend "Important Tax Return Document Enclosed" on the envelope.*

**Substitute forms.** You may furnish to the recipient Copy B of the official IRS form, or you may use substitute Forms 1099-DIV, 1099-INT, 1099-OID, or 1099-PATR, if they contain the same language as the official IRS forms and they comply with the rules in Pub. 1179, relating to substitute Forms 1099. Applicable box titles and numbers must be clearly identified, using the same wording and numbering as the official IRS form. However, for Form 1099-INT, if your substitute does not contain box 3, "Interest on U.S. Savings Bonds and Treas. obligations," you may omit "not included in box 3" from the box 1 title. For information on substitute Forms 1099-MISC and 1099-S, see **Other payments** below.

**TIP** *All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.*

If you are using substitutes, the IRS encourages you to use boxes so that the substitute has the appearance of a form. The substitute form must contain the applicable instructions as on the front and back of Copy B of the official IRS form. See Pub. 1179 for additional requirements.

Certain "composite" statements are permitted. See Pub. 1179.

**Real estate transactions.** You must furnish a statement to the transferor containing the same information reported to the IRS on Form 1099-S. You may use Copy B of the official IRS Form 1099-S or a substitute form that complies with Pub. 1179 and Regulations section 1.6045-4(m). You may use a Uniform Settlement Statement (under RESPA) as the written statement if it is conformed by including on the statement the legend shown on Form 1099-S and by designating which information is reported to the IRS on Form 1099-S. You may furnish the statement to the transferor in person or by mail. Furnish the statement at or after closing but by January 31 of the following year.

The statement mailing requirements explained earlier **do not** apply to statements to transferors for proceeds from real estate transactions reported on Form 1099-S. However, the statement mailing requirements do apply to statements to transferors for timber royalties reportable under section 6050N on Form 1099-S.

**Other payments.** Statements to recipients for Forms 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-G, 1099-LTC, 1099-MISC, 1099-MSA, 1099-R, 5498, 5498-MSA, W-2G, 1099-DIV only for section 404(k) dividends reportable under section 6047, 1099-INT only for interest reportable in the course of your trade or business under section 6041, or 1099-S (for royalties) need not be, but can be, a copy of the official paper form filed with the IRS. If you do not use a copy of the paper form, the form number and title of your **substitute** must be the same as the official IRS form. All information required to be reported must be numbered and titled on your substitute in substantially the same manner as on the official IRS form. However, if you are reporting a payment as "Other income" in box 3 of Form 1099-MISC, you may substitute appropriate explanatory language for the box title. For example, for payments of accrued wages to a beneficiary of a deceased employee required to be reported on Form 1099-MISC, you might change the title of box 3 to "Beneficiary payments" or something similar.

**TIP** *All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.*

Appropriate instructions to the recipient, similar to those on the official IRS form, must be provided to aid in the proper reporting of the items on the recipient's income tax return. For payments reported on Form 1099-B, rather than furnish appropriate instructions with each Form 1099-B statement, you may furnish to the recipient one set of instructions for all statements required to be furnished to a recipient in a calendar year.

Except for royalties reported on Form 1099-MISC, the statement mailing requirements explained earlier **do not** apply to statements to recipients for information reported on the forms listed above under **Other payments**. You may combine the statements with other reports or financial or commercial notices, or expand them to include other information of interest to the recipient. Be sure that all copies of the forms are legible.

Certain "composite" statements are permitted. See Pub. 1179.

**When to furnish forms or statements.** Generally, you must furnish Forms 1098, 1099, and W-2G information by January 31, 2001. However, you may issue them earlier in some situations, as provided by the regulations. For example, you may furnish Form 1099-INT to the recipient on redemption of U.S. Savings Bonds at the time of redemption. Brokers and barter exchanges may furnish Form 1099-B anytime but not later than January 31.

Trustees or issuers of IRAs or SEPs must furnish participants with a statement of the value of the participant's account by January 31, 2001. Education IRA contribution information must also be furnished to the participant by January 31, 2001. Traditional IRA, Roth IRA, SEP, or SIMPLE contribution information must be furnished to the participant by May 31, 2001.

Trustees of a SIMPLE must furnish a statement of the account balance and the account activity by January 31, 2001.

For real estate transactions, you may furnish the statement to the transferor at closing or by mail on or before January 31, 2001.

Filers of Form 1099-G who report state or local income tax refunds, credits, or offsets must furnish the statements to recipients **during** January 2001.

You will meet the requirement to furnish the statement if it is properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.


**Extension.** You may request an extension of time to provide the statements to recipients by sending a letter to IRS-Martinsburg Computing Center, Information Reporting Program, Attn: Extension of Time Coordinator, 240 Murall Drive, Kearneysville, WV 25430. The letter must include **(a)** your name, **(b)** your TIN, **(c)** your address, **(d)** type of return, **(e)** a statement that your extension request is for providing statements to recipients, **(f)** reason for delay, and **(g)** the signature of the payer or authorized agent. Your request must be postmarked by the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.

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## I. Corrected Returns

If you filed a return with the IRS and later discover you made an error on it, you must correct it as soon as possible. For some corrections, you must file two returns (Form 1099, 1098, 5498, or W-2G) with Form 1096 and for some only one return with Form 1096.

In addition, you must provide statements to recipients showing the corrections as soon as possible.

 **TIP** If you fail to file correct information returns or furnish a correct payee statement, you may be subject to a penalty. See **Penalties** on page GEN-3.

To determine whether you are required to submit corrections on magnetic media, see **Magnetic Media/Electronic Reporting** on page GEN-4 and Pub. 1220.


When making a correction, be sure you complete all appropriate information on the returns. Then file Copy A of the form and Form 1096 with your Internal Revenue Service Center. Please remember not to cut or separate the forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is completed. Do not staple the forms to Form 1096. You must use a separate Form 1096 for each type of return you are correcting, but you may use one Form 1096 for both originals and corrections of the same type of return.

On all Forms 1098, 1099, and 5498, a box is provided for the account number. (See **Account Number Box on Forms** on page GEN-12.) If the account number was provided on the original return, use this number on the corrected return to help identify the appropriate incorrect return filed when more than one return was filed for a particular individual. If you did not provide the account number on the original return, do not include it on the corrected return. The account number must appear on **both** the original and corrected return to properly identify and process the correction.

**CORRECTED box.** Each Form 1099, 1098, 5498, and W-2G contains a "CORRECTED" box at the top of the form. Enter an "X" in the "CORRECTED" box on Copy A only when you are correcting a form you previously submitted to the IRS. Enter an "X" in the "CORRECTED" box on the copies you give to the recipient (Copy B and, in some cases, C) only when you are correcting a form previously furnished to the recipient. On a recipient's statement, you may enter a date next to the "CORRECTED" box. When the type of error requires two returns to make the correction, you will mark the "CORRECTED" box

only on one of the returns. Refer to the **Step-by-Step Chart for Filing Corrected Returns on Paper Forms** on page GEN-11 to determine when you should mark the "CORRECTED" box.

**Chart.** The chart on page GEN-11 gives step-by-step instructions for filing corrected returns for three of the most frequently made errors. Correction of errors may require the submission of more than one return. Be sure to read each section thoroughly.

 **TIP** Regulations section 301.6724-1 (relating to information return penalties) does not require you to file corrected returns for missing or incorrect TINs if you meet the reasonable cause criteria. You are merely required to include the correct TIN on the next original return you are required to file. However, if you do not meet the reasonable cause criteria, you should file corrected returns by August 1 to be subject to a reduced penalty.

In addition, even if you meet the reasonable cause criteria, the IRS encourages you to file corrections for incorrect or missing TINs so that the IRS can update the payees' records.

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## J. Void Returns

An "X" in the "VOID" box at the top of the form will not correct a previously filed return. See part I on this page for instructions for making corrections.

**VOID box.** If a completed or partially completed Form 1098, 1099, or 5498 is incorrect and you want to void it before submission to the IRS, enter an "X" in the "VOID" box at the top of the form. For example, if you make an error while typing or printing a form, you should void it. The return will then be disregarded during processing by the IRS. Go to the next form on the page, or to another page, and enter the correct information; but **do not** mark the "CORRECTED" box. Please remember not to cut or separate the forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is a good return.

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## K. Other Information Returns

The income information you report on the following forms must not be repeated on Forms 1099 or W-2G:

1. Form W-2 reporting wages and other employee compensation.
2. Forms 1042-S and 1000 reporting income.
3. Form 2439 reporting undistributed long-term capital gains of a regulated investment company or real estate investment trust.
4. Schedule K-1 of Form 1065 or 1065-B reporting distributive shares to members of a partnership.
5. Schedule K-1 of Form 1041 reporting distributions to beneficiaries of trusts or estates.
6. Schedule K-1 of Form 1120S reporting distributive shares to shareholders of S corporations.
7. Schedule K of Form 1120-IC-DISC reporting actual and constructive distributions to shareholders and deferred DISC income.
8. Schedule Q of Form 1066 reporting income from a REMIC to a residual interest holder.

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## L. Payments to Corporations and Partnerships

You must report payments to corporations for the following:

1. Medical and health care payments (Form 1099-MISC),
2. Withheld Federal income tax or foreign tax,
3. Barter exchange transactions (Form 1099-B),
4. Substitute payments in lieu of dividends and tax-exempt interest (Form 1099-MISC),

**Step-by-Step Chart for Filing Corrected Returns on Paper Forms**

Error (on Original Return)	How To File the Corrected Return on Paper Forms	Error (on Original Return)	How To File the Corrected Return on Paper Forms
<p><b>1. No payee TIN (SSN, EIN, or ITIN) or incorrect payee TIN, or incorrect name and address.</b> This will require two separate returns to make the correction properly. Read and follow all instructions for both Steps 1 and 2.</p>	<p><b>STEP 1:</b> Identify incorrect return submitted.</p> <p><b>Form 1098, 1099, 5498, or W-2G:</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new information return.</li> <li>2. Enter an "X" in the "CORRECTED" box at the top of the form.</li> <li>3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; <b>HOWEVER, enter 0 (zero) for all money amounts.</b></li> </ol> <p><b>STEP 2:</b> Report correct information.</p> <p><b>A. Form 1098, 1099, 5498, or W-2G:</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new information return.</li> <li>2. <b>Do not</b> enter an "X" in the "CORRECTED" box at the top of the form. Prepare the new return as though it is an original.</li> <li>3. Include all the correct information on the form including the correct TIN and name and address.</li> </ol> <p><b>B. Form 1096:</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new transmittal Form 1096.</li> <li>2. Enter the words "Filed To Correct TIN, Name, and/or Address" in the bottom margin of the form.</li> <li>3. Provide all requested information on the form as it applies to the returns prepared in Steps 1 and 2.</li> <li>4. File Form 1096 and Copy A of the return with the appropriate service center.</li> <li>5. <b>Do not</b> include a copy of the original return that was filed incorrectly.</li> </ol>	<p><b>2. Incorrect money amount(s), incorrect address, or a return was filed when one should not have been filed.</b> This error requires only one return to make the correction. (Follow the instructions under Error 1, instead of these instructions, if you must correct an address <b>and</b> a name or TIN.)</p> <p><b>3. Original return filed using WRONG type of return.</b> For example, a Form 1099-DIV was filed when a Form 1099-INT should have been filed. This will require two separate returns to make the correction properly. Read and follow all instructions for both Steps 1 and 2.</p>	<p><b>A. Form 1098, 1099, 5498, or W-2G:</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new information return.</li> <li>2. Enter an "X" in the "CORRECTED" box at the top of the form.</li> <li>3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; <b>HOWEVER, enter all correct money amounts in the correct boxes as they should have appeared on the original return, and enter the recipient's correct address.</b></li> </ol> <p><b>B. Form 1096:</b></p> <ol style="list-style-type: none"> <li>1. Follow the instructions under Error 1, Step 2–B, but ignore item B–2.</li> <li>2. File Form 1096 and Copy A of the return with the appropriate service center.</li> <li>3. <b>Do not</b> include a copy of the original return that was filed incorrectly.</li> </ol> <p><b>STEP 1:</b> Identify incorrect return submitted.</p> <p><b>Form 1098, 1099, 5498, or W-2G:</b></p> <p>Follow the instructions under Error 1, Step 1, using the same type of return that was used initially.</p> <p><b>STEP 2:</b> Report correct information on the correct type of return.</p> <p><b>A. Form 1098, 1099, 5498, or W-2G:</b></p> <p>Follow the instructions under Error 1, Step 2–A, using the proper type of form.</p> <p><b>B. Form 1096:</b></p> <p>Follow the instructions under Error 1, Step 2–B, except enter the words "Filed To Correct Document Type" in the bottom margin of Form 1096.</p>

5. Interest or original issue discount paid or accrued to a regular interest holder of a REMIC (Form 1099-INT or 1099-OID),

6. Acquisitions or abandonments of secured property (Form 1099-A),

7. Cancellation of debt (Form 1099-C),

8. Payments of attorneys' fees and gross proceeds paid to attorneys (Form 1099-MISC),

9. Federal executive agency payments for services (Form 1099-MISC),

10. Fish purchases for cash (Form 1099-MISC).

Reporting generally is required for all payments to **partnerships**. For example, payments of \$600 or more made in the course of your trade or business to an architectural firm that is a partnership are reportable on Form 1099-MISC.

### M. Earnings on any IRA or Medical Savings Account (MSA)

Generally, income earned in any IRA or MSA, such as interest or dividends, is not reported on Forms 1099. However, distributions must be reported on Form 1099-R or 1099-MSA.

### N. Certain Grantor Trusts

Certain grantor trusts may choose to file Forms 1099 rather than a separate statement attached to **Form 1041**, U.S. Income Tax Return for Estates and Trusts. If you have filed Form 1041 for a grantor trust in the past and you want to choose the Form 1099 filing method for 2000, you must have filed a **final** Form 1041 for 1999. See Regulations section 1.671-4 and the **Instructions for Form 1041 and Schedules A, B, D, G, I, J, and K-1**.

### O. Account Number Box on Forms

You may use the **account number** box on all Forms 1099, 1098, 5498, and W-2G for an account number designation. The account number may be a checking account number, savings account number, serial number, or any other number you assign to the payee that is unique and will distinguish the specific account. This number must not appear anywhere else on the form, and this box may not be used for any other item. Showing the account number is optional. However, it may be to your benefit to include the recipient's account number on paper forms if your system of records uses the account number rather than the name, social security number, or employer identification number for identification purposes. If you furnish the account number, the IRS will include it in future notices to you about backup withholding. If you are using window envelopes to mail statements to recipients, and if you are using reduced rate mail, be sure the account number does not appear in the window

because the Postal Service may not accept these for reduced rate mail.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to figure and collect the right amount of tax.

Sections 220(h), 408, 408A, 529, 530, 6041, 6041A, 6042, 6043, 6044, 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, and their regulations require you to file an information return with the IRS and furnish a statement to recipients. Section 6109 and its regulations require you to show your taxpayer identification number on what you file.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. If you fail to provide this information in a timely manner, you may be subject to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are:

1096 .....	10 minutes
1098 .....	7 minutes
1098-E .....	3 minutes
1098-T .....	7 minutes
1099-A .....	10 minutes
1099-B .....	15 minutes
1099-C .....	10 minutes
1099-DIV .....	16 minutes
1099-G .....	12 minutes
1099-INT .....	12 minutes
1099-LTC .....	11 minutes
1099-MISC .....	14 minutes
1099-MSA .....	7 minutes
1099-OID .....	10 minutes
1099-PATR .....	11 minutes
1099-R .....	20 minutes
1099-S .....	8 minutes
5498 .....	11 minutes
5498-MSA .....	10 minutes
W-2G .....	19 minutes

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send these forms to this address. Instead, see **Where To File** on page GEN-7.



# Guide to Information Returns

(If any date shown falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
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.	All amounts	March 15	March 15
1098	Mortgage Interest Statement	Mortgage interest (including points) you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28	(To Payer/ Borrower) January 31
1098-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28	January 31
1098-T	Tuition Payments Statement	Limited reporting for 2000.		February 28	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28	(To Borrower) January 31
1099-B	Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions.	All amounts	February 28	January 31
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the Federal Government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization a significant trade or business of which is lending money.	\$600 or more	February 28	January 31
1099-DIV	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock, and liquidation distributions.	\$10 or more, except \$600 or more for liquidations	February 28	January 31
1099-G	Certain Government and Qualified State Tuition Program Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, taxable grants, and earnings from a qualified state tuition program (QSTP).	Any amount for a QSTP; \$10 or more for unemployment and tax refunds; \$600 or more for all others	February 28	January 31
1099-INT	Interest Income	Interest income.	\$10 or more (\$600 or more in some cases)	February 28	January 31
1099-LTC	Long-Term Care and Accelerated Death Benefits	Payments under a long-term care insurance contract and accelerated death benefits paid under a life insurance contract or by a viatical settlement provider.	All amounts	February 28	January 31 (To Insured and Policyholder)
1099-MISC	Miscellaneous Income  (Also, use this form to report the occurrence of direct sales of \$5,000 or more of consumer goods for resale.)	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows.	\$600 or more, except \$10 or more for royalties	February 28	January 31
		Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch.	All amounts		
		Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans.	\$600 or more		
		Payments for services performed for a trade or business by people not treated as its employees. Examples: fees to subcontractors or directors, and golden parachute payments.	\$600 or more		
		Fish purchases for cash.	\$600 or more		
		Substitute dividend and tax-exempt interest payments reportable by brokers.	\$10 or more		
		Crop insurance proceeds.	\$600 or more		
		Gross proceeds paid to attorneys.	All amounts		
1099-MSA	Distributions From an MSA or Medicare+Choice MSA	Distributions from a medical savings account (MSA) or Medicare+Choice MSA.	All amounts	February 28	January 31
1099-OID	Original Issue Discount	Original issue discount.	\$10 or more	February 28	January 31
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives to their patrons.	\$10 or more	February 28	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, or insurance contracts, and IRA recharacterizations.	\$10 or more	February 28	January 31

## Guide to Information Returns *(Continued)*

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate.	Generally, \$600 or more	February 28	January 31
4789	Currency Transaction Report	Each deposit, withdrawal, exchange of currency, or other payment or transfer by, through, or to financial institutions (other than casinos).	Over \$10,000	15 days after date of transaction	Not required
5471	Information Return of U.S. Persons With Respect To Certain Foreign Corporations	U.S. persons who are officers, directors, or shareholders in certain foreign corporations report information required by sections 6035, 6038, and 6046, and to compute income from controlled foreign corporations under sections 951-964.	See form instructions	Due date of income tax return	None
5472	Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business	Transactions between a 25% foreign-owned domestic corporation or a foreign corporation engaged in a trade or business in the United States and a related party as required by sections 6038A and 6038C.	See form instructions	Due date of income tax return	None
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA) including a SEP, SIMPLE, Roth IRA, and Ed IRA, Roth conversions, IRA recharacterizations, and the fair market value of the account.	All amounts	May 31	(To Participant) For value of account and for education IRA contributions, January 31; for all other contributions, May 31
5498-MSA	MSA or Medicare+Choice MSA Information	Contributions to a medical savings account (MSA) and the fair market value of an MSA or Medicare+Choice MSA.	All amounts	May 31	(To Participant) May 31
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	Receipts from large food or beverage operations, tips reported by employees, and allocated tips.	See separate instructions	Last day of February	Allocated tips are shown on Form W-2, due January 31
8300	Report of Cash Payments Over \$10,000 Received in a Trade or Business	Payments in cash (including certain monetary instruments) or foreign currency received in one transaction, or two or more related transactions, in the course of a trade or business. Does not apply to banks and financial institutions filing Form 4789, and casinos that are required to report such transactions on <b>Form 8362</b> , Currency Transaction Report by Casinos, or, generally, to transactions outside the United States.	Over \$10,000	15 days after date of transaction	(To Payer) January 31
8308	Report of a Sale or Exchange of Certain Partnership Interests	Sale or exchange of a partnership interest involving unrealized receivables or inventory items.	(Transaction only)	Generally, attach to Form 1065 or 1065-B	(To Transferor and Transferee) January 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28	January 31
926	Return by a U.S. Transferor of Property to a Foreign Corporation	Transfers of property to a foreign corporation and to report information under section 6038B.	See form instructions	Attach to tax return	None
W-2	Wage and Tax Statement	Wages, tips, other compensation; social security, Medicare, withheld income taxes; and advance earned income credit (EIC) payments. Include bonuses, vacation allowances, severance pay, certain moving expense payments, some kinds of travel allowances, and third-party payments of sick pay.	See separate instructions	To SSA Last day of February	To Recipient January 31
TD F 90-22.1	Report of Foreign Bank and Financial Accounts	Financial interest in or signature or other authority over a foreign bank account, securities account, or other financial account.	Over \$10,000	To Treasury Dept. June 30	To Recipient None

## Types of Payments

Below is an alphabetical list of some payments and the forms to file to report them. The list was developed to help you determine which form to file. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable.

Type of Payment	Report on Form	Type of Payment	Report on Form
Abandonment	1099-A	Interest income	1099-INT
Accelerated death benefits	1099-LTC	Interest, mortgage	1098
Advance earned income credit	W-2	IRA contributions	5498
Agriculture payments	1099-G	IRA distributions	1099-R
Allocated tips	W-2	Life insurance contract distributions	1099-R, 1099-LTC
Annuities	1099-R	Liquidation, distributions in	1099-DIV
Attorneys, fees and gross proceeds	1099-MISC	Loans, distribution from	
Auto reimbursements:		pension plan	1099-R
Employee	W-2	Long-term care benefits	1099-LTC
Nonemployee	1099-MISC	Medical savings accounts:	
Awards:		Contributions	5498-MSA
Employee	W-2	Distributions	1099-MSA
Nonemployee	1099-MISC	Medicare+Choice Medical Savings Accounts:	
Barter exchange income	1099-B	Contributions	5498-MSA
Bonuses:		Distributions	1099-MSA
Employee	W-2	Medical services	1099-MISC
Nonemployee	1099-MISC	Mileage:	
Broker transactions	1099-B	Employee	W-2
Cancellation of debt	1099-C	Nonemployee	1099-MISC
Capital gain distributions	1099-DIV	Military retirement	1099-R
Car expense:		Mortgage interest	1098
Employee	W-2	Moving expense	W-2
Nonemployee	1099-MISC	Nonemployee compensation	1099-MISC
Charitable gift annuities	1099-R	Nonqualified plan distribution	W-2
Commissions:		Beneficiaries	1099-R
Employee	W-2	Original issue discount (OID)	1099-OID
Nonemployee	1099-MISC	Patronage dividends	1099-PATR
Commodities transactions	1099-B	Pensions	1099-R
Compensation:		Points	1098
Employee	W-2	Prizes:	
Nonemployee	1099-MISC	Employee	W-2
Crop insurance proceeds	1099-MISC	Nonemployee	1099-MISC
Damages	1099-MISC	Profit-sharing plan	1099-R
Death benefits	1099-R	PS 58 costs	1099-R
Accelerated	1099-LTC	Punitive damages	1099-MISC
Debt cancellation	1099-C	Qualified plan distributions	1099-R
Dependent care payments	W-2	Qualified state tuition program payments	1099-G
Direct rollovers	1099-R, 5498	Real estate transactions	1099-S
Direct sales of consumer		Recharacterized IRA contributions	1099-R, 5498
products for resale	1099-MISC	Refunds, state and local tax	1099-G
Directors' fees	1099-MISC	Rents	1099-MISC
Discharge of indebtedness	1099-C	Retirement	1099-R
Dividends	1099-DIV	Roth conversion IRA contributions	5498
Education IRA contributions	5498	Roth conversion IRA distributions	1099-R
Education IRA distributions	1099-R	Roth IRA contributions	5498
Education loan interest	1098-E	Roth IRA distributions	1099-R
Employee business expense		Royalties	1099-MISC
reimbursement	W-2	Timber, pay-as-cut contract	1099-S
Employee compensation	W-2	Sales:	
Excess deferrals, excess		Real estate	1099-S
contributions, distributions of	1099-R	Securities	1099-B
Fees:		Section 1035 exchange	1099-R
Employee	W-2	SEP contributions	W-2, 5498
Nonemployee	1099-MISC	SEP distributions	1099-R
Fishing boat crew members		Severance pay	W-2
proceeds	1099-MISC	Sick pay	W-2
Fish purchases for cash	1099-MISC	SIMPLE contributions	W-2, 5498
Foreclosures	1099-A	SIMPLE distributions	1099-R
Foreign persons' income	1042-S	Student loan interest	1098-E
401(k) contributions	W-2	Substitute payments in lieu of	
404(k) dividend	1099-DIV	dividends or tax-exempt interest	1099-MISC
Gambling winnings	W-2G	Supplemental unemployment	W-2
Golden parachute:		Tax refunds, state and local	1099-G
Employee	W-2	Tips	W-2
Nonemployee	1099-MISC	Tuition	1098-T
Grants, taxable	1099-G	Unemployment benefits	1099-G
Health care services	1099-MISC	Vacation allowance:	
Income tax refunds, state		Employee	W-2
and local	1099-G	Nonemployee	1099-MISC
Indian gaming profits		Wages	W-2
paid to tribal members	1099-MISC		



# Instructions for Form 1098

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1098 and forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1098

Use **Form 1098**, Mortgage Interest Statement, to report mortgage interest (including points, defined later) of \$600 or more received by you during the year in the course of your trade or business from an individual, including a sole proprietor. Report only interest on a mortgage defined below.

The \$600 threshold applies separately to each mortgage; thus, file a separate Form 1098 for each mortgage. You may, at your option, file Form 1098 to report mortgage interest of less than \$600, but you are subject to the rules in these instructions.

If an overpayment of interest on an adjustable rate mortgage (ARM) or other mortgage was made in a prior year and you refund (or credit) such overpayment, you may have to file Form 1098 to report the refund (or credit) of the overpayment. See **Reimbursement of Overpaid Interest** on page 1098-2.

### Exceptions

You need not file Form 1098 for interest received from a corporation, partnership, trust, estate, association, or company (other than a sole proprietor) even if an individual is a coborrower and all the trustees, beneficiaries, partners, members, or shareholders of the payer of record are individuals.

### Mortgage Defined

An obligation incurred after 1987 is a mortgage if real property that is located inside or outside the United States secures all or part of the obligation. This applies even though the interest recipient classifies the obligation as other than a mortgage, for example, as a commercial loan.

An obligation incurred after 1984 but before 1988 is a mortgage only if secured primarily by real property.

An obligation in existence on December 31, 1984, is not a mortgage if, at the time the obligation was incurred, the interest recipient reasonably classified the obligation as other than a mortgage, real property loan, real estate loan, or other similar type of obligation. For example, if an obligation incurred in 1983 was secured by real property, but the interest recipient reasonably classified the obligation as a commercial loan because the proceeds were used to finance the borrower's business, the obligation is not considered a mortgage and reporting is not required. However, if over half the obligations in a class established by the interest recipient are primarily secured by real property, it is not reasonable to classify those obligations as other than mortgages for purposes of this reporting requirement.

Real property includes a manufactured home with a minimum living space of 400 square feet and a minimum width of more than 102 inches of a kind customarily used at a fixed location, including certain mobile homes. See section 25(e)(10).

If property that secures the loan is not real property, you are not required to file Form 1098. However, the borrower may be entitled to a deduction for qualified residence interest, such as may be the case for a boat, which has sleeping space and cooking and toilet facilities, that the borrower uses as a home.

**Lines of credit and credit card obligations.** Interest (other than points) received on any mortgage that is in the form of a line of credit or credit card obligation is reportable regardless of how you classified the obligation. A borrower incurs a line of credit or credit card obligation when the borrower first has the right to borrow against the line of credit or credit card, whether or not the borrower actually borrows an amount at that time.

### Who Must File

File this form if you are engaged in a trade or business and, in the course of such trade or business, you receive from an individual \$600 or more of mortgage interest on any one mortgage during the calendar year. You are not required to file this form if the interest is not received in the course of your trade or business. For example, you hold the mortgage on your former personal residence. The buyer makes mortgage payments to you. You are not required to file Form 1098.

For information about who must file to report points, see **Points** on page 1098-3. For information about who must file to report reimbursements of overpaid interest, see **Reimbursement of Overpaid Interest** on page 1098-2.

**Not in the lending business.** If you receive \$600 or more of mortgage interest in the course of your trade or business, you are subject to the requirement to file Form 1098, even if you are not in the business of lending money. For example, if you are a real estate developer and you provide financing to an individual to buy a home in your subdivision, and that home is security for the financing, you are subject to this reporting requirement. However, if you are a physician not engaged in any other business and you lend money to an individual to buy your home, you are not subject to this reporting requirement because you did not receive the interest in the course of your trade or business as a physician.

**Governmental unit.** A governmental unit (or any subsidiary agency) receiving mortgage interest from an individual of \$600 or more must file this form.

**Cooperative housing corporation.** A cooperative housing corporation is an interest recipient and must file Form 1098 to report an amount received from its tenant-stockholders that represents the tenant-stockholders' proportionate share of interest described in section 216(a)(2). This rule applies only to tenant-stockholders who are individuals and from whom the cooperative has received at least \$600 of interest during the year. (See the **TIP** under **Box 1** on page 1098-4.)

**Collection agents.** Generally, if you receive reportable interest payments (other than points) on behalf of someone else and you are the first person to receive the interest, such as a servicing bank collecting payments for a lender, **you** must file this form. Enter your name, address, and taxpayer identification number (TIN) in the recipient entity area. You must file this form even though you do not include the interest received in your income but you merely transfer it to another person. If you wish, you may enter the name of the person for whom you collected the interest in box 4. The person for whom you collected the interest need not file Form 1098.

However, there is an exception to this rule for any period that (1) the first person to receive or collect the interest does not have the information needed to report on Form 1098 and (2) the person for whom the interest is received or collected would receive the interest in its trade or business if the interest were paid directly to such person. If (1) and (2) apply, the person on whose behalf the interest is received or collected is required to report on Form 1098. If interest is received or collected on behalf of another person other than an individual, such person is presumed to receive the interest in a trade or business.

**Foreign interest recipient.** If you are not a U.S. person, you must file Form 1098 if the interest is received in the United States. A U.S. person is a citizen or resident of the United States, a domestic partnership or corporation, or a nonforeign estate or trust. If the interest is received outside the United States, you must file Form 1098 if (1) you are a controlled foreign corporation or (2) at least 50% of your gross income from all sources for the 3-year period ending with the close of the tax year preceding the receipt of interest (or for such part of the period as you were in existence) was effectively connected with the conduct of a trade or business in the United States.

**Designation agreement.** An interest recipient, including a recipient of points, can designate a qualified person to file Form 1098, to provide a statement to the payer of record, and to provide any Rule of 78s notice (see **Rule of 78s Method of Accounting** on page 1098-3).

A **qualified person** is either (1) a trade or business in which the interest recipient is under common control as specified in Regulations section 1.414(c)-2 or (2) a designee, named by the lender of record or by a qualified person, who either was involved in the original loan transaction or is a subsequent purchaser of the loan.

A **lender of record** is the person who, at the time the loan is made, is named as the lender on the loan documents and whose right to receive payment from the payer of record is secured by the payer of record's principal residence. Even if the lender of record intends to sell or otherwise transfer the loan to a third party after the close of the transaction, such intention does not change who is the lender of record.

The agreement must be in writing, identify the mortgage(s) and calendar years for which the qualified person must report, and be signed by the designator and the designee. A designee may report points on Form 1098 (as having been paid directly by the payer of record) only if the designation agreement contains the designator's representation that it did not lend such amount to the payer of record as part of the overall transaction. The agreement need not be filed with the IRS, but the designator must keep a copy of it for 4 years after the close of the year in which the loan is made.

A designated qualified person is subject to any applicable penalties as if it were the interest recipient. Thus, a designator is relieved from liability for any applicable penalties.

### Reimbursement of Overpaid Interest

You are required to report reimbursements of overpaid interest aggregating \$600 or more to a payer of record on Form 1098. You are not required to report reimbursements of overpaid interest aggregating less than \$600 unless you are otherwise required to file Form 1098. That is, if you did not receive at least \$600 of mortgage interest during the year of reimbursement from the person to whom you made the reimbursement, you are not required to file Form 1098 merely to report a reimbursement of less than \$600. However, you may report any reimbursement of overpaid interest that you are not otherwise required to report, but you are subject to the rules in these instructions.

The reimbursement must be reported on Form 1098 for the year in which the reimbursement is made. No change should be made to the prior year Form 1098 because of this reimbursement. Report the total reimbursement even if it is for overpayments made in more than 1 year.

To be reportable, the reimbursement must be a refund or credit of mortgage interest received in a prior year that was required to be reported for that prior year by any interest recipient on Form 1098. Only the person who makes the

reimbursement is required to report it on Form 1098. For example, if you bought a mortgage on which interest was overpaid in a prior year, you made a reimbursement of the overpaid interest, and the previous mortgage holder was required to report mortgage interest on Form 1098 in the prior year, you must file Form 1098 to report the reimbursement because you are the one making the reimbursement.

**Example.** In 1998, you received \$5,000 of mortgage interest from the payer/borrower and reported that amount on Form 1098 for 1998. In 2000, you determined that interest due on the mortgage for 1998 was \$4,500, and the payer/borrower had overpaid \$500. You refunded the \$500 overpayment to the payer/borrower in 2000. If you received \$600 or more of interest on the mortgage from the payer/borrower in 2000, you must report the \$500 refund in box 3 of the 2000 Form 1098. No change to the 1998 Form 1098 is required. If, instead of refunding the \$500 overpayment, you credited the payer/borrower's 2000 mortgage interest payments due, \$500 is still shown in box 3, and the interest received from the payer/borrower in 2000 shown in box 1 must include the \$500 credit.

**Overpayment and reimbursement in same year.** If you reimburse interest in the same year it is overpaid, do not report the overpayment on Form 1098 as interest received during the year or as a reimbursement of overpaid interest. For example, if the borrower paid \$5,000 and you reimbursed \$500 of that amount in 2000, enter \$4,500 in box 1 as interest paid by the borrower. Do not enter the \$500 reimbursement in box 3.

**Interest on reimbursement.** A financial institution (or its middleman) that pays interest of \$10 or more on the reimbursement must report that interest (under section 6049) on **Form 1099-INT**, Interest Income. Others that pay interest of \$600 or more on the reimbursement must report that interest (under section 6041) on Form 1099-INT. Do not include such interest on Form 1098.

### Nonresident Alien Interest Payer

You must file Form 1098 to report interest paid by a nonresident alien only if all or part of the security for the mortgage is real property located in the United States.

### Payer of Record

The payer of record is the individual carried on your books and records as the principal borrower. If your books and records do not indicate which borrower is the principal borrower, you must designate one.

If you permit a subsequent purchaser of the property to assume the loan without releasing the first purchaser from personal liability, the subsequent purchaser is the payer of record. Such subsequent purchaser's name, address, and TIN must appear on Form 1098.

**Multiple borrowers.** Even though there may be more than one borrower on the mortgage, you are required to prepare Form 1098 only for the **payer of record**, and only if such payer of record is an individual, showing the total interest received on the mortgage. Even if an individual is a coborrower, no Form 1098 is required unless the payer of record is also an individual.

### Payments by Third Party

Report all interest received on the mortgage as received from the borrower, except as explained under **Seller Payments** below. For example, if the borrower's mother makes payments on the mortgage, the interest received from the mother is reportable on Form 1098 as received from the borrower.

However, do not report mortgage interest received from any governmental unit (or any subsidiary agency). For example, do not report any interest received as housing assistance payments from the Department of Housing and Urban Development (HUD) on mortgages insured under section 235 of the National Housing Act.


### Seller Payments

Do not report in box 1 of Form 1098 any interest paid by a seller on a purchaser's-borrower's mortgage, such as on a

"buy-down" mortgage. For example, if a real estate developer deposits an amount in escrow and tells you to draw on that escrow account to pay interest on the borrower's mortgage, do not report in box 1 the interest received from that escrow account. As another example, do not report in box 1 any lump sum paid by a real estate developer to pay interest on a purchaser's-borrower's mortgage. However, if you wish, you may use box 4 to report to the payer of record any interest paid by the seller. See **Points** on page 1098-3 for information about reporting seller-paid points in box 2.

### Rule of 78s Method of Accounting

If you were permitted by Rev. Proc. 83-40, 1983-1 C.B. 774, or any other revenue procedure, to use the Rule of 78s method to calculate interest earned with respect to a transaction, you may report interest earned under the Rule of 78s method on that transaction as interest received from the borrower in a calendar year. In this case, you must notify borrowers that the Rule of 78s method was used to calculate interest received and that the borrowers may not deduct the amount reported unless the borrowers are also properly using the Rule of 78s method to determine interest deductions. The notification must also state that the Rule of 78s method may be used only in the case of a self-amortizing consumer loan that requires level payments, at regular intervals (at least annually), over a period not in excess of 5 years (with no balloon payment at the end of the loan term), and only when the loan agreement provides for use of the Rule of 78s method to determine interest earned (see Rev. Proc. 83-40 and Rev. Rul. 83-84, 1983-1 C.B. 97). The notice must be furnished to the payer of record on or with the statement of the interest received.

 *Rev. Proc. 83-40 was obsolete by Rev. Proc. 97-37, 1997-2 C.B. 455, effective for tax years ending on or after August 18, 1997. However, you may continue to report using the Rule of 78s generally for loans issued before 1999. See section 5.04 of the Appendix in Rev. Proc. 98-60, 1998-2 C.B. 761.*

### Points

You must report certain points paid for the purchase of the payer of record's principal residence on Form 1098. You must report points if the points, plus other interest on the mortgage, are \$600 or more. For example, if a borrower pays points of \$300 and other mortgage interest of \$300, the lender has received \$600 of mortgage interest and must file Form 1098.

Report the total points on Form 1098 for the year of closing regardless of the accounting method you use to report the points as income for Federal income tax purposes.

**Who must report points.** The lender of record or a qualified person must file Form 1098 to report all points paid by the payer of record in connection with the purchase of the principal residence. If a designation agreement is in effect for a mortgage, only the person designated in the agreement must file Form 1098 to report all points on that mortgage. See **Designation agreement** on page 1098-2.

Amounts received directly or indirectly by a mortgage broker are treated as points to the same extent they would be treated as points if paid to and retained by the lender of record. The lender of record must report those points paid to a mortgage broker.

**Reportable points.** Report on Form 1098 points that meet all the following conditions:

1. They are clearly **designated on the Uniform Settlement Statement** (Form HUD-1) as points; for example, "loan origination fee" (including amounts for VA and FHA loans), "loan discount," "discount points," or "points."

2. They are **computed as a percentage of the stated principal loan amount.**

3. They are **charged under an established business practice** of charging points in the area where the loan was issued and do not exceed the amount generally charged in that area.

4. They are **paid for the acquisition of the payer of record's principal residence**, and the loan is secured by that residence. You may rely on a signed written statement from the payer of record that states that the proceeds of the loan are for the purchase of the payer of record's principal residence.

5. They are **paid directly by the payer of record.** Points are paid directly if:

- a. The **payer** of record provides funds that were not borrowed from the lender of record for this purpose as part of the overall transaction. The funds may include down payments, escrow deposits, earnest money applied at closing, and other funds actually paid over by the payer of record at or before closing OR

- b. The **seller** pays points on behalf of the payer of record. Points paid by the seller to the interest recipient on behalf of the payer of record are treated as paid to the payer of record and then paid directly by the payer of record to the interest recipient.

Report points paid under 5a and 5b on the payer of record's Form 1098 in box 2.

**Exceptions.** Do not report on Form 1098 points paid:

1. For loans to improve a principal residence;

2. For loans to purchase or improve a residence that is not the payer of record's principal residence, such as a second home, vacation, investment, or trade or business property even though the borrower may be entitled to amortize points paid for the purchase of a second home, vacation home, etc. and deduct them over the life of the loan;

3. For a home equity or line of credit loan, even if secured by the principal residence;

4. For a refinancing (but see **Construction loans** below), including a loan to refinance a debt owed by the borrower under a land contract, a contract for deed, or similar forms of seller financing;

5. In lieu of items ordinarily stated separately on the Form HUD-1, such as appraisal fees, inspection fees, title fees, attorney fees, and property taxes; and

6. To acquire a principal residence to the extent the points are allocable to an amount of principal in excess of \$1 million.

**Construction loans.** Points paid on a loan to construct a residence (construction loan) or to refinance a loan incurred to construct a residence are reportable on Form 1098 if they:

1. Are clearly designated on the loan documents as points incurred in connection with the loan, such as loan origination fees, loan discount, discount points, or points,

2. Are computed as a percentage of the stated principal loan amount,

3. Conform to an established business practice of charging points in the area where the loan is issued and do not exceed the amount generally charged in the area,

4. Are paid in connection with a loan incurred by the payer of record to construct (or refinance construction of) a residence that is to be used, when completed, as the principal residence of the payer of record,

5. Are paid directly by the payer of record, and

6. Are not allocable to an amount of principal in excess of \$1 million.

Amounts paid to refinance a loan to construct a residence are not points to the extent they are allocable to debt that exceeds the debt incurred to construct the residence.

### Prepaid Interest

Report prepaid interest (other than points) only in the year in which it properly accrues.

**Example.** Interest received on December 20, 2000, that accrues by December 31 but is not due until January 31, 2001, is reportable on the 2000 Form 1098.

**Exception.** Interest received during the current year that will properly accrue in full by January 15 of the following year may be considered received in the current year, at your option, and is reportable on Form 1098 for the current year. However, if any part of an interest payment accrues after January 15, then only

the amount that properly accrues by December 31 of the current year is reportable on Form 1098 for the current year. For example, if you receive a payment of interest that accrues for the period December 20 through January 20, you cannot report any of the interest that accrues after December 31 for the current year. You must report the interest that accrues after December 31 on Form 1098 for the following year.

### Statements to Payers of Record

If you are required to file Form 1098, you must provide a statement to the payer of record. For more information about the requirement to furnish a statement to the payer of record, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Recipient's/Lender's Name and Address Box

Enter the name and address of the filer of Form 1098. Use this same name and address on Form 1096.

### Payer's/Borrower's Name and Address Box

Enter the name and address of the person who paid the interest (payer of record).



*Be careful to enter the recipient's and payer's information in the proper boxes.*

### Box 1

Enter the **interest** (not including points) received on the mortgage from borrowers during the calendar year. Include interest on a mortgage, a home equity loan, or a line of credit

or credit card loan secured by real property. Do not include government subsidy payments, seller payments, or prepaid interest that does not meet the exception explained under **Prepaid Interest** on page 1098-3. Interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service.



*A cooperative housing corporation that receives any cash part of a patronage dividend from the National Consumer Cooperative Bank must reduce the interest to be reported on each tenant-stockholder's Form 1098 by a proportionate amount of the cash payment in the year the cooperative receives the cash payment. See Rev. Proc. 94-40, 1994-1 C.B. 711.*

### Box 2

Enter **points** paid on the purchase of the payer of record's principal residence. For an explanation of reportable points, see **Points** on page 1098-3.

### Box 3

Enter the total refund or credit of a prior year(s) overpayment of interest. See **Reimbursement of Overpaid Interest** on page 1098-2.

### Box 4

Enter any other item you wish to report to the payer, such as real estate taxes, insurance, or if you are a collection agent, the name of the person for whom you collected the interest. This box is optional and is provided only for your convenience. You do not have to report to the IRS any information provided in this box.



# Instructions for Forms 1098-E and 1098-T

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1098-E and 1098-T and forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

**Reporting extended to 2000.** Notice 99-37, 1999-30 I.R.B. 124, extends the reporting requirements for 1999 to 2000. Thus, the 2000 Forms 1098-E and 1098-T contain the same information as required for 1999 with no additional reporting for 2000. However, please note that box 1 on Form 1098-E was retitled "Student loan interest received by lender."

**Magnetic media/electronic reporting.** For 2000, you are not required to, but you may, file Forms 1098-E and 1098-T magnetically or electronically.

**Penalties.** No penalties will be imposed for failure to file or failure to furnish correct Forms 1098-E or 1098-T if you made a good faith effort to file and furnish them.

## An Item To Note

You may use **Form W-9S**, Request for Student's or Borrower's Social Security Number and Certification, to obtain the student's or borrower's name, address, social security number, and student loan certification to be used when filing Form 1098-E or 1098-T. Use of Form W-9S is optional; you may collect the information using your own forms and procedures. You may collect the student's or borrower's information on paper or electronically.

**Electronic submission of Form W-9S.** An educational institution or lender may establish a system for students and borrowers to submit Form W-9S electronically, including by fax. Generally, the electronic system must:

1. Ensure the information received is the information sent, and document all occasions of user access that result in the submission.
2. Make it reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9S.
3. Provide you with the same information as the paper Form W-9S.
4. Be able to supply a hard copy of the electronic Form W-9S if the Internal Revenue Service requests it.

Further, if an electronic Form W-9S is used to obtain the borrower's certification that all the loan proceeds are to pay solely for qualified higher education expenses, your electronic system must require as the final entry in the submission an electronic signature by the borrower whose name is on Form W-9S that authenticates and verifies the submission. See Announcement 98-27, 1998-1 C.B. 865.

## Specific Instructions for Form 1098-E

File **Form 1098-E**, Student Loan Interest Statement, if you receive student loan interest of \$600 or more from an individual during the year in the course of your trade or business. For 2000, report interest only on "covered" student loans that have a "covered period" ending during or after 2000.

The \$600 threshold applies to each borrower regardless of the number of student loans obtained by that borrower. However, you may file a separate Form 1098-E for each student loan of the borrower, or you may file one Form 1098-E for the interest from all student loans of the borrower.

**Who must file.** File Form 1098-E if you are a financial institution, governmental unit (or any of its subsidiary agencies), educational institution, or any other person who receives student loan interest of \$600 or more from an individual during the year in the course of your trade or business.

If more than one person has a connection with the loan, only the first person to receive the interest payment must file Form 1098-E. For example, a loan servicer or collection agent receiving payments on behalf of the lender must file.

**Covered student loan.** To be reportable, a student loan must have a covered period (defined below) ending during or after 2000 and must be either:

- Subsidized, guaranteed, financed, or otherwise treated as a student loan under a program of the Federal, state, or local government, or of a postsecondary educational institution or
- Certified by the borrower as a student loan. You may use Form W-9S to obtain the certificate.

**Covered period.** A covered period is generally the first 60 months after the loan enters repayment status. For loans other than consolidated, collapsed, or defaulted loans, the covered period begins on:

1. The date the loan went into repayment status or
2. January 1, 1998, if you do not know or have reason to know the date in 1 above.

A **consolidated loan** is a single loan refinancing more than one student loan. A **collapsed loan** is a set of loans of a single payer treated as a single loan for loan servicing purposes. For consolidated and collapsed loans, the covered period begins on:

1. The most recent date any of the loans subject to consolidation or collapse went into repayment status or
2. January 1, 1998, if you do not know or have reason to know the date in 1 above.

A **defaulted loan** is one for which required interest and principal payments were not made when due, you have declared the loan in default, and if applicable, you have sought recourse against the ultimate loan guarantor. For defaulted loans, the covered period begins on:

1. The date the loan went into repayment status,
2. The date the loan went into default if you do not know or have reason to know the date in 1 above, or
3. January 1, 1998, if you do not know or have reason to know the dates in 1 or 2 above.

The covered period ends the last day of the month that is 60 months after the period begins. However, the covered period is extended by the number of months the loan was subject to any grace period, deferment, or forbearance. After the 60 months

ends, stop reporting interest on that student loan if you know about such periods.

**Revolving accounts.** Report interest paid on revolving accounts, such as credit card accounts, only if the borrower certifies that all the loan proceeds are **solely** to pay for qualified higher education expenses. You do not have to verify the borrower's actual use of the funds. **Do not** report interest on mixed use loans.

**Loans under qualified plans.** **Do not** report interest on loans made under a qualified employer plan, as defined in section 72(p)(4). This includes interest on loans under a contract purchased under a qualified employer plan within the meaning of section 72(p)(5).

**Mortgage loans.** If you treated a loan as a mortgage before 1998 for purposes of reporting the interest on **Form 1098**, Mortgage Interest Statement, continue to report on Form 1098 even if the loan is used to pay for education expenses. For a loan made after 1997 that is secured by real property and made to acquire or improve real property, treat the loan as a mortgage and report the interest on Form 1098. For a loan made after 1997 that is secured by real property and certified by the borrower to be used solely for paying qualified higher education expenses, report the interest on Form 1098-E.

**Additional information.** For more information about reporting student loan interest see Notice 98-7, 1998-1 C.B. 339; Notice 98-54, 1998-2 C.B. 643; and Notice 99-37, 1999-30 I.R.B. 124.

**Statements to borrowers.** If you are required to file Form 1098-E, you must provide a statement to the borrower. For more information about the requirements to furnish a statement to the borrower, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Recipient's/lender's name and address box.** Enter the name and address of the filer of Form 1098-E. Use this same name and address on **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns.

**Borrower's name and address box.** Enter the name and address of the borrower.

**Box 1.** Enter the interest you received on a student loan(s) during the calendar year.

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## Specific Instructions for Form 1098-T



*The following are the requirements for reporting on Form 1098-T for 2000. However, in future years, you may be required to report additional information, such as qualified tuition and related expenses, tuition refunds, grants you process, and the name, address, and social security number of the person who can claim the student as a dependent.*

File **Form 1098-T**, Tuition Payments Statement, if you are an eligible educational institution that received qualified tuition and related expenses or made reimbursements or refunds of such tuition and expenses in 2000. File Form 1098-T for each student for whom you received the tuition or for whom you made the reimbursement or refund. File only one Form 1098-T for each student even if you received more than one tuition or other payment during the year.

**Exceptions.** You do not have to file Form 1098-T for students enrolled during the year only in courses for which the student receives no academic credit from your institution. Also, you do not have to file Form 1098-T for nonresident alien students, unless requested by the student. See Notice 98-59, 1998-2 C.B. 689.

**Who must file.** For 2000, you must file Form 1098-T if you are an eligible educational institution that received qualified tuition and related expenses in 2000. If you reimburse or refund tuition or related expenses to a student during 2000 that equal or exceed payments of qualified tuition and related expenses you received on behalf of that student during 2000, you are not required to file Form 1098-T. In addition, you are not required to file for a student whose tuition and related expenses were entirely waived or entirely paid with scholarships.

For 2000, if you are **not** an eligible educational institution, you are not required to file. However, in future years, you may be required to file Form 1098-T if you are in the trade or business of making payments to individuals under an insurance arrangement as refunds or reimbursements (or similar amounts) of qualified tuition and related expenses.

**Qualified tuition and related expenses.** Qualified tuition and related expenses are tuition and fees a student must pay to be enrolled at or attend an eligible educational institution. The following are **not** qualified tuition and related expenses:

- Amounts paid for any course or other education involving sports, games, or hobbies unless the course or other education is part of the student's degree program.
- Charges and fees for room, board, student activities, athletics, insurance, books, equipment, transportation, and similar personal, living, or family expenses.

**Eligible educational institution.** An eligible educational institution is a college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 and, therefore, is eligible to participate in the Department of Education's student aid programs. This includes most accredited public, nonprofit, and private postsecondary institutions.

**Academic term.** You must file Form 1098-T for each student who is enrolled in your institution for any academic term (e.g., semester, trimester, or quarter) beginning in 2000. Determine your enrollment for each term using one of the following dates:

- 30 days after the first day of the academic term,
- A date during the term when enrollment data must be collected for purposes of the Integrated Postsecondary Education Data System administered by the Department of Education, or
- A date during the term when you must report enrollment data to the state, to your governing board, or to some other external governing body.

**Required for 2000.** For 2000, you are required to report on the form only the entity information, whether the student was at least a half-time student (box 3), and whether the student was a graduate student (box 4). **No other information is required for 2000.** See **Box 3** and **Box 4** below.

**Additional information.** For more information about reporting on Form 1098-T, see Notice 97-73, 1997-2 C.B. 335; Notice 98-46, 1998-2 C.B. 290; and Notice 99-37, 1999-30 I.R.B. 124.

**Statements to students.** If you are required to file Form 1098-T, you must provide a statement to the student. For more information about the requirements to furnish a statement to each student, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Student's address.** In the student's address box of Form 1098-T, enter the student's permanent address. That is, enter the student's home or other long-term address where he or she can receive forwarded mail. To increase the probability that the student will receive the Form 1098-T you mail, do not use a temporary address, such as a dormitory or off-campus temporary housing, unless you are aware that the student still lives there.

**Box 1.** No entry is required.

**Box 2.** No entry is required.

**Box 3.** Check this box if the student was at least a half-time student during any academic period that began in 2000. A half-time student is a student enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined by the standards of your institution. Your institution's standard for a full-time student workload must equal or exceed the standards established by the Department of Education under the Higher Education Act and set forth in 34 C.F.R. section 674.2(b).

**Box 4.** Check this box if the student was a graduate student. The student is a graduate student if the student was enrolled exclusively in a program or programs leading to a graduate-level degree, graduate-level certificate, or other recognized graduate-level educational credential.

# Instructions for Forms 1099-A and 1099-C (Rev. December 1999)

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1099-A and 1099-C and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

**Who must report a canceled debt expanded.** Recent legislation expanded the reporting of a canceled debt to include any organization a significant trade or business of which is the lending of money, such as finance companies and credit card companies (whether or not affiliated with financial institutions) for cancellations beginning January 1, 2000. See **Specific Instructions for Form 1099-C** on page AC-2.

## Specific Instructions for Form 1099-A

File **Form 1099-A**, Acquisition or Abandonment of Secured Property, for each borrower if you lend money in connection with your trade or business and, in full or partial satisfaction of the debt, you acquire an interest in property that is security for the debt, or you have reason to know that the property has been abandoned. You need not be in the business of lending money to be subject to this reporting requirement.

### Coordination With Form 1099-C

If, in the same calendar year, you cancel a debt in connection with a foreclosure or abandonment of secured property, it is not necessary to file both Form 1099-A and **Form 1099-C**, Cancellation of Debt, for the same debtor. You may file Form 1099-C only. You will meet your Form 1099-A filing requirement for the debtor by making entries in boxes 5 and 7 on Form 1099-C. You may file both Forms 1099-A and 1099-C; if you do, make no Form 1099-A related entries in boxes 5 and 7 on Form 1099-C. See the instructions for Form 1099-C on page AC-2.

### Property

Property means any real property (such as a personal residence), any intangible property, and tangible personal property except:

- No reporting is required for tangible personal property (such as a car) held only for personal use. However, you must file Form 1099-A if the property is totally or partly held for use in a trade or business or for investment.
- No reporting is required if the property securing the loan is located outside the United States and the borrower has furnished the lender a statement, under penalties of perjury, that

the borrower is an exempt foreign person (unless the lender knows that the statement is false).

### Who Must File

In addition to the general rule specified above, the following rules apply.

**Multiple owners.** If there are multiple owners of undivided interests in a single loan, such as in pools, fixed investment trusts, or other similar arrangements, the trustee, record owner, or person acting in a similar capacity must file Form 1099-A on behalf of all the owners of beneficial interests or participations. In this case, only one form for each borrower must be filed on behalf of all owners with respect to the loan. Similarly, for bond issues, only the trustee or similar person is required to report.

**Governmental unit.** A governmental unit, or any of its subsidiary agencies, that lends money secured by property must file Form 1099-A.

**Subsequent holder.** A subsequent holder of a loan is treated as the lender for purposes of the reporting requirement for events occurring after the loan is transferred to the new holder.

**Multiple lenders.** If more than one person lends money secured by property and one lender forecloses or otherwise acquires an interest in the property and the sale or other acquisition terminates, reduces, or otherwise impairs the other lenders' security interests in the property, the other lenders must file Form 1099-A for each of their loans. For example, if a first trust holder forecloses on a building, and the second trust holder knows or has reason to know of such foreclosure, the second trust holder must file Form 1099-A for the second trust even though no part of the second trust was satisfied by the proceeds of the foreclosure sale.

### Abandonment

An abandonment occurs when the objective facts and circumstances indicate that the borrower intended to and has permanently discarded the property from use. You have "reason to know" of an abandonment based on all the facts and circumstances concerning the status of the property. You will be deemed to know all the information that would have been discovered through a reasonable inquiry when, in the ordinary course of business, you become aware or should become aware of circumstances indicating that the property has been abandoned. If you expect to commence a foreclosure, execution, or similar sale within 3 months of the date you had reason to know that the property was abandoned, reporting is required as of the date you acquire an interest in the property or a third party purchases the property at such sale. If you expect to but do not commence such action within 3 months, the reporting requirement arises at the end of the 3-month period.

### Statements to Borrowers

If you are required to file Form 1099-A, you must provide a statement to the borrower. Furnish a copy of Form 1099-A or an acceptable substitute statement to each borrower. For more information about the requirement to furnish a statement to the borrower, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Box 1

Enter the date of your acquisition of the secured property or the date you first knew or had reason to know that the property was abandoned. An interest in the property generally is acquired on the earlier of the date title is transferred to the lender or the date possession and the burdens and benefits of ownership are transferred to the lender. If an objection period is provided by law, use the date the objection period expires. If you purchase the property at a sale held to satisfy the debt, such as at a foreclosure or execution sale, use the later of the date of sale or the date the borrower's right of redemption expires.

For an abandonment, enter the date you knew or had reason to know that the property was abandoned unless you expect to commence a foreclosure, execution, or similar action within 3 months, as explained earlier. If a third party purchases the property at a foreclosure, execution, or similar sale, the property is treated as abandoned, and you have reason to know of its abandonment on the date of sale.

### Box 2

Enter the balance of the debt outstanding at the time the interest in the property was acquired or on the date you first knew or had reason to know that the property was abandoned. Include only unpaid principal on the original debt. Do not include accrued interest or foreclosure costs.

### Box 3

Make no entry in this box.

### Box 4

For a foreclosure, execution, or similar sale, enter the fair market value (FMV) of the property. (See Temporary Regulations section 1.6050J-1T, Q/A-32.) Generally, the gross foreclosure bid price is considered to be the FMV. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred and you checked "Yes" in box 5, enter the appraised value of the property. Otherwise, make no entry in this box.

### Box 5

Enter an "X" in the applicable box to indicate whether the borrower was personally liable for repayment of the debt at the time the debt was created or, if modified, at the time of the last modification.

### Box 6

Enter a general description of the property. For real property, generally you must enter the address of the property, or, if the address does not sufficiently identify the property, enter the section, lot, and block. For personal property, enter the applicable type, make, and model. For example, describe a car as "Car—1999 Buick Regal." Use a category such as "Office Equipment" to describe more than one piece of personal property, such as six desks and seven computers. Enter "CCC" for crops forfeited on Commodity Credit Corporation loans.

## Specific Instructions for Form 1099-C

File **Form 1099-C**, Cancellation of Debt, for each debtor for whom you canceled a debt owed to you of \$600 or more only if:

1. You are an entity described under **Who Must File** below and
2. An identifiable event has occurred. It does not matter whether the actual cancellation is on or before the date of the identifiable event. See **When Is a Debt Canceled?** below.

Form 1099-C must be filed regardless of whether the debtor is required to report the debt as income.

The debtor may be an individual, corporation, partnership, trust, estate, association, or company.

Do not combine multiple cancellations of a debt to determine whether you meet the \$600 reporting requirement unless the separate cancellations are under a plan to evade the Form 1099-C requirements.

### Coordination With Form 1099-A

If, in the same calendar year, you cancel a debt in connection with a foreclosure or abandonment of secured property, it is not necessary to file both **Form 1099-A**, Acquisition or Abandonment of Secured Property, and Form 1099-C for the same debtor. You may file Form 1099-C only. You will meet your Form 1099-A filing requirement for the debtor by making entries in boxes 5 and 7 on Form 1099-C. You may file both Forms 1099-A and 1099-C; if you do, make no Form 1099-A related entries in boxes 5 and 7 on Form 1099-C. See the instructions for Form 1099-A on page AC-1 and **Box 5** and **Box 7** on page AC-4.

### Who Must File

File Form 1099-C if you are one of the following:

1. A financial institution described in section 581 or 591(a) (such as a domestic bank, trust company, building and loan or savings and loan association).
2. A credit union.
3. A Federal Government agency including:
  - a. A department,
  - b. An agency,
  - c. A court or court administrative office, or
  - d. An instrumentality in the executive, judicial, or legislative branch of the Government, including Government corporations.
4. One of the following (or any successor or subunit of the following):
  - a. Federal Deposit Insurance Corporation,
  - b. Resolution Trust Corporation,
  - c. National Credit Union Administration,
  - d. Any military department,
  - e. U.S. Postal Service, or
  - f. Postal Rate Commission.
5. Any organization a significant trade or business of which is the lending of money, such as a finance company or credit card company (whether or not affiliated with a financial institution).

Also file Form 1099-C if you are a corporation that is a subsidiary of a financial institution or credit union, but only if, because of your affiliation, you are subject to supervision and examination by a Federal or state regulatory agency.

**Multiple creditors.** If a debt is owned (or treated as owned for Federal income tax purposes) by more than one creditor, each creditor that is described under **Who Must File** above must issue a Form 1099-C if that creditor's part of the canceled debt is \$600 or more. To meet this requirement, a lead bank, fund administrator, or other designee of the creditor may file a single Form 1099-C reporting the aggregate canceled debt or may file Form 1099-C for that creditor's part of the canceled debt. Use any reasonable method to determine the amount of each creditor's part of the canceled debt.

Debt owned by a partnership is treated as owned by the partners and must follow the rules for multiple creditors.

**Pass-throughs and REMICs.** Until further guidance is issued, no penalty will apply for failure to file Form 1099-C, or provide statements to debtors, for a canceled debt held in a pass-through securitized debt arrangement or held by a real estate mortgage investment conduit (REMIC). A pass-through securitized debt arrangement is any arrangement in which one or more debts are pooled and held for 20 or more persons whose interests in the debt are undivided coownership interests that are freely transferable. Coownership interests that are actively traded personal property (as defined in Regulations section 1.1092(d)-1) are presumed to meet these requirements.

## Debt Defined

A debt is any amount owed to you including stated principal, stated interest, fees, penalties, administrative costs, and fines. The amount of debt canceled may be all or only part of the total amount owed. However, for a lending transaction, you are required to report only the stated principal. See **Exceptions** below.

## When To File

Generally, file Form 1099-C for the year in which an identifiable event occurs. See **Exceptions** below. If you cancel a debt before an identifiable event occurs, you may choose to file Form 1099-C for the year of cancellation. No further reporting is required even if a second identifiable event occurs on the same debt. Also, you are not required to file an additional or corrected Form 1099-C if you receive payment on a prior year debt.

## When Is a Debt Canceled?

A debt is canceled on the date an identifiable event occurs. An **identifiable event** occurs when the debt is canceled:

1. Under Title 11 of the U.S. Code (bankruptcy) (reportable only for business or investment debt; see **Exceptions** below).
2. Or extinguished making it unenforceable in a receivership, foreclosure, or similar Federal or state court proceeding.
3. Or extinguished when the statute of limitations for collecting the debt expires, or when the statutory period for filing a claim or beginning a deficiency judgment proceeding expires. Expiration of the statute of limitations is an identifiable event only when a debtor's affirmative statute of limitations defense is upheld in a final judgment or decision of a court and the appeal period has expired.
4. When the creditor elects foreclosure remedies that by law end or bar the creditor's right to collect the debt. This event applies to a mortgage lender or holder who is barred by local law from pursuing debt collection after a "power of sale" in the mortgage or deed of trust is exercised.
5. Due to a probate or similar proceeding.
6. Under an agreement between the creditor and the debtor to cancel the debt at less than full consideration if the last event necessary to cancel the debt has occurred.
7. Because of a decision or a defined policy of the creditor to discontinue collection activity and cancel the debt. A creditor's defined policy can be in writing or an established business practice of the creditor. A creditor's practice to stop collection activity and abandon a debt when a particular nonpayment period expires is a defined policy.
8. Because the nonpayment testing period expires. This event occurs when the creditor has not received a payment on the debt during the testing period. The testing period is a 36-month period ending on December 31 plus any time when the creditor was precluded from collection activity by a stay in bankruptcy or similar bar under state or local law. The creditor can rebut the occurrence of this identifiable event if (a) the creditor (or a third-party collection agency) has engaged in significant bona fide collection activity during the 12-month period ending on December 31 or (b) facts and circumstances that exist on January 31 following the end of the 36-month period indicate that the debt was not canceled. Significant bona fide collection activity does not include nominal or ministerial collection action, such as an automated mailing. Facts and circumstances indicating that a debt was not canceled include the existence of a lien relating to the debt (up to the value of the security) or the sale or packaging for sale of the debt by the creditor.

## Exceptions

You are not required to report on Form 1099-C the following:

1. **Certain bankruptcies.** You are not required to report a debt canceled in bankruptcy unless you know from information included in your books and records that the debt was incurred

for business or investment purposes. If you are required to report a business or investment debt canceled in bankruptcy, report it for the later of (a) the year in which the amount of canceled debt first can be determined or (b) the year in which the debt is canceled in bankruptcy. A debt is incurred for business if it is incurred in connection with the conduct of any trade or business other than the trade or business of performing services as an employee. A debt is incurred for investment if it is incurred to purchase property held for investment (as defined in section 163(d)(5)).

**2. Interest.** You are not required to report interest. However, if you choose to report interest as part of the canceled debt in box 2, you must show the interest separately in box 3.

**3. Nonprincipal amounts.** For a lending transaction, you are not required to report any amount other than stated principal. A lending transaction occurs when a lender loans money to, or makes advances on behalf of, a borrower (including revolving credit and lines of credit). Nonprincipal amounts include penalties, fines, fees, and administrative costs. However, for a nonlending transaction, report any of these amounts that are included in the debt.

**4. Foreign debtors.** Until further guidance is issued, no penalty will apply if a financial institution does not file Form 1099-C for a debt canceled by its foreign branch or foreign office for a foreign debtor provided all the following apply:

- a. The financial institution is engaged in the active conduct of a banking or similar business outside the United States.
- b. The branch or office is a permanent place of business that is regularly maintained, occupied, and used to carry on a banking or similar financial business.
- c. The business is conducted by at least one employee of the branch or office who is regularly in attendance at the place of business during normal working hours.
- d. The indebtedness is extended outside the United States by the branch or office in connection with that trade or business.
- e. The financial institution does not know or have reason to know that the debtor is a U.S. person.

**5. Related parties.** Generally, a creditor is not required to file Form 1099-C for the deemed cancellation of a debt that occurs when the creditor acquires the debt of a related debtor, becomes related to the debtor, or transfers the debt to another creditor related to the debtor. However, if the transfer to a related party by the creditor was for the purpose of avoiding the Form 1099-C requirements, Form 1099-C is required. See section 108(e)(4).

**6. Release of a debtor.** You are not required to file Form 1099-C if you release one of the debtors on a debt as long as the remaining debtors are liable for the full unpaid amount.

**7. Guarantor or surety.** You are not required to file Form 1099-C for a guarantor or surety. A guarantor is not a debtor for purposes of filing Form 1099-C even if demand for payment is made to the guarantor.

## Multiple Debtors

For debts of \$10,000 or more incurred after 1994 that involve debtors who are jointly and severally liable for the debt, you must report the entire amount of the canceled debt on each debtor's Form 1099-C. Multiple debtors are jointly and severally liable for a debt if there is no clear and convincing evidence to the contrary. If it can be shown that joint and several liability does not exist, a Form 1099-C is required for each debtor for whom you canceled a debt of \$600 or more.

For debts incurred before 1995 and for debts of less than \$10,000 incurred after 1994, you must file Form 1099-C only for the primary (or first-named) debtor.

If you know or have reason to know that the multiple debtors were husband and wife who were living at the same address when the debt was incurred, and you have no information that these circumstances have changed, you may file only one Form 1099-C.

## Recordkeeping

If you are required to file Form 1099-C, you must retain a copy of that form or be able to reconstruct the data for at least 4 years from the due date of the return.

## Requesting TINs

You must make a reasonable effort to obtain the correct name and taxpayer identification number (TIN) of the person whose debt was canceled. You may obtain the TIN when the debt is incurred. If you do not obtain the TIN before the debt is canceled, you must request the debtor's TIN. Your request must clearly notify the debtor that the IRS requires the debtor to furnish its TIN and that failure to furnish such TIN subjects the debtor to a \$50 penalty imposed by the IRS. You may use **Form W-9**, Request for Taxpayer Identification Number and Certification, to request the TIN. However, a debtor is not required to certify his or her TIN under penalties of perjury.

## Statements to Debtors

If you are required to file Form 1099-C, you must provide a statement to the debtor. Furnish a copy of Form 1099-C or an acceptable substitute statement to each debtor. For more information about the requirement to furnish a statement to the debtor, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**. You have furnished a statement to the debtor if it is mailed to the debtor's last known address.

## Box 1

Enter the date the debt was canceled. See **When Is a Debt Canceled?** on page AC-3.

## Box 2

Enter the amount of the canceled debt. See **Debt Defined** and **Exceptions** on page AC-3. Do not include any amount the lender receives in satisfaction of the debt by means of a settlement agreement, foreclosure sale, etc.

## Box 3

Enter any interest you included in the canceled debt in box 2. You are not required to report interest in box 2. But if you do, you also must report it in box 3.

## Box 4

Make no entry in this box.

## Box 5

Enter a description of the origin of the debt, such as student loan, mortgage, or credit card expenditure. Be as specific as possible. If you are filing a combined Form 1099-C and 1099-A, also enter a description of the property.

## Box 6

Enter an "X" in the checkbox if you are reporting a debt canceled in bankruptcy.

## Box 7

Make an entry in this box only if you are filing a combined Form 1099-C and 1099-A. For a foreclosure, execution, or similar sale, enter the fair market value (FMV) of the property. Generally, the gross foreclosure bid price is considered to be the FMV. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred, enter the appraised value of the property.

# Instructions for Form 1099-B

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-B and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-B

Any person, including a governmental unit and any subsidiary agency, doing business as a broker or barter exchange must file **Form 1099-B**, Proceeds From Broker and Barter Exchange Transactions, for each person:

- For whom the broker has sold (including short sales) stocks, bonds, commodities, regulated futures contracts, foreign currency contracts, forward contracts, debt instruments, etc., or
- Who exchanged property or services through the barter exchange.

### Brokers

The term **broker** means a person who, in the ordinary course of a trade or business, stands ready to effect sales to be made by others. A corporation is a broker if it regularly stands ready to redeem its stock or retire its debt. However, if there are no facts that indicate otherwise, a corporation that purchases odd-lot shares from its stockholders on an irregular basis is not a broker. Also, if you manage a farm for someone else, you are not considered a broker.

**Cash on delivery account.** For a sale of securities through a "cash on delivery" or similar account, only the broker that receives the gross proceeds from the sale against delivery of the securities sold is required to report the sale. However, if such broker's customer is a "second-party broker" that is an exempt recipient, only the second-party broker is required to report the sale.

**Convertible foreign currency.** If the proceeds of a sale are paid in convertible foreign currency, the amount to be reported must be converted into U.S. dollars. You may use the exchange rate on the sales date or the exchange rate on the last business day of the reporting period in which the sale occurs.

**Transactional reporting.** Brokers must report each transaction (other than regulated futures or foreign currency contracts) on a separate Form 1099-B. Transactions involving regulated futures or foreign currency contracts must be reported on an aggregate basis.

**Substitute payments.** To report substitute payments in lieu of dividends and tax-exempt interest, as required by section 6045(d), do not use Form 1099-B. See **Box 8** in the **Instructions for Form 1099-MISC**.

**Form 8308.** **Form 8308**, Report of a Sale or Exchange of Certain Partnership Interests, does not have to be filed if Form 1099-B is required for the transfer of the partnership interest.

**Exceptions.** Brokers are not required to file, but may file, Form 1099-B for:

1. Sales for exempt recipients, including corporations, charitable organizations, IRAs, the United States, a state, or political subdivisions.
  2. Sales initiated by dealers in securities and financial institutions.
  3. Sales by custodians and trustees, provided the sale is reported on a properly filed **Form 1041**, U.S. Income Tax Return for Estates and Trusts.
  4. Sales at issue price of interests in certain regulated investment companies.
  5. Obligor payments on:
    - a. Nontransferable obligations, such as savings bonds or CDs.
    - b. Obligations for which gross proceeds are reported on other Forms 1099, such as stripped coupons issued before July 1, 1982.
    - c. Retirement of short-term obligations with original issue discount (reported on Form 1099-INT). However, Form 1099-B is required for the retirement of short-term state obligations having no original issue discount.
    - d. Callable demand obligations that have no premium or discount.
  6. Sales of foreign currency unless under a forward or regulated futures contract that requires delivery of foreign currency.
  7. Sales of fractional shares of stock if gross proceeds are less than \$20.
  8. Retirements of book-entry or registered form obligations if no interim transfers have occurred.
  9. Exempt foreign persons.
  10. Sales of Commodity Credit Corporation certificates.
  11. Spot or forward sales of **agricultural commodities**. Agricultural commodities include grain, feed, livestock, meat, oil seed, timber, or fiber. A spot sale is a sale that results in almost immediate delivery of a commodity. A forward sale is a sale under a forward contract. However, sales of agricultural commodities under a regulated futures contract, sales of derivative interests in agricultural commodities, and sales of receipts for agricultural commodities issued by a designated warehouse are reportable. A designated warehouse is a warehouse, depository, or other similar entity designated by a commodity exchange in which or out of which a particular type of agricultural commodity is deliverable to satisfy a regulated futures contract. Sales of warehouse receipts issued by any other warehouse are not reportable.
  12. A sale of a **precious metal** (gold, silver, platinum, or palladium) in any form that may be used to satisfy a Commodity Futures Trading Commission (CFTC)-approved regulated futures contract (RFC) if the quantity, by weight or by number of items, is less than the minimum required to satisfy a CFTC-approved RFC. A sale of a precious metal in any form that cannot be used to satisfy a CFTC-approved RFC is not reportable.
- For example, Form 1099-B is not required to be filed for the sale of a single gold coin in the form and quality deliverable in satisfaction of a CFTC-approved contract because all CFTC

contracts for gold coins currently call for delivery of at least 25 coins.

Sales of precious metals for a single customer during a 24-hour period must be aggregated and treated as a single sale to determine if this exception applies. This exception does not apply if the broker knows or has reason to know that a customer, either alone or with a related person, is engaging in sales to avoid information reporting.

**13.** Grants or purchases of options, exercises of call options, or entering into contracts that require delivery of personal property or an interest therein.

### Barter Exchanges

A **barter exchange** is a transaction in which any organization of members or clients providing property or services jointly contract to trade or barter such property or services. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis. Persons who do not contract a barter exchange but who trade services do not file Form 1099-B. However, they may be required to file Form 1099-MISC.

**Transactional aggregate reporting.** Barter exchanges involving noncorporate members or clients must report each transaction on a separate Form 1099-B. Transactions involving corporate members or clients of a barter exchange may be reported on an aggregate basis.

**Member information.** In the recipient area of the forms, enter information about the member or client that provided the property or services in the exchange.

**Exceptions.** There is no return required by barter exchanges for:

1. Exchanges through a barter exchange having fewer than 100 transactions during the year.
2. Exempt foreign persons.

### Brokers and Barter Exchanges

**Statements to recipients.** If you are required to file Form 1099-B, you must provide a statement to the recipient. For more information about the requirement to furnish a statement to the recipient, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account.

**Box 1a.** For broker transactions, enter the trade date of the sale or exchange. For barter exchanges, enter the date that cash, property, a credit, or scrip is actually or constructively received.

**Box 1b.** For transactional reporting by brokers, enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the obligation.

**Box 2.** Enter the gross proceeds from any disposition of securities (including short sales), commodities, or forward contracts. To determine gross proceeds, you may take into account commissions and option premiums if this treatment is consistent with your books. You may not take into account state and local transfer taxes. Check the applicable box to indicate which amount has been reported to the IRS. Do not include amounts shown in boxes 6 through 9. Show a loss from a closing transaction on a forward contract as a negative amount by enclosing it in parentheses.

Do not include any accrued interest on bonds sold between payment dates (or on a payment date) in this box. Instead, report this accrued interest on Form 1099-INT.

**Box 3.** Enter the gross amounts received by a member or client of a barter exchange for goods or services. This includes cash received, property or services received, a credit on your books, or scrip issued. **Do not report negative amounts.**

**Box 4.** Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding at a 31% rate on certain amounts required to be reported on this form.

**Box 5.** For broker transactions, enter a brief description of the disposition item (e.g., 100 shares of XYZ Corp. stock). If necessary, abbreviate the description so that it fits within box 5. For regulated futures contracts and forward contracts, enter "RFC" or other appropriate description.

For bartering transactions, show the services or property provided.

### Brokers only:

**Box 6.** Enter the profit or (loss) realized by the customer on closed regulated futures or foreign currency contracts in 2000.

**Box 7.** Enter the unrealized profit or (loss) on open regulated futures or foreign currency contracts at the end of 1999.

**Box 8.** Enter the unrealized profit or (loss) on open regulated futures or foreign currency contracts at the end of 2000.

**Box 9.** Enter the aggregate profit or (loss) for the year from regulated futures or foreign currency contracts. Use boxes 6, 7, and 8 to figure the aggregate profit or (loss).



# Instructions for Form 1099-DIV

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-DIV and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-DIV

File **Form 1099-DIV**, Dividends and Distributions, for each person (a) to whom you have paid dividends and other distributions on stock of \$10 or more, (b) for whom you have withheld and paid any foreign tax on dividends and other distributions on stock, (c) for whom you have withheld any Federal income tax under the backup withholding rules, or (d) to whom you paid \$600 or more as part of a liquidation.

### Section 404(k) Dividend

Report on Form 1099-DIV dividends distributed under section 404(k) on stock held by an employee stock ownership plan (ESOP) or a tax credit ESOP. If a section 404(k) distribution is made in the same year as a total distribution from the ESOP, you may report the entire amount on 1099-R, or you may report the dividends on Form 1099-DIV and the remaining amount on Form 1099-R.



*Section 404(k) dividends are not subject to backup withholding.*

### Exceptions

You are **not** required to file Form 1099-DIV for payments made to certain payees including a corporation, a tax-exempt organization, any IRA, a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

### Dividends

If you make a payment that may be a dividend, but you are unable to determine whether any part of the payment is a dividend by the time you must file Form 1099-DIV, the entire payment must be reported as a dividend. See regulations under section 6042 for a definition of dividends.

Taxable dividend distributions from life insurance contracts are reported on Form 1099-R not on Form 1099-DIV.

An exempt-interest dividend from a regulated investment company retains its tax-exempt status and is not reported on Form 1099-DIV or 1099-INT.



*Certain distributions commonly referred to as "dividends" are actually interest and are to be reported on Form 1099-INT. These include so-called "dividends" on deposit or on share accounts in cooperative banks, credit unions,*

*domestic building and loan associations, domestic and Federal savings and loan associations, and mutual savings banks.*

### Substitute Payments in Lieu of Dividends

For payments received by a broker on behalf of a customer in lieu of dividends as a result of the transfer of a customer's securities for use in a short sale, see **Box 8** in the **2000 Instructions for Form 1099-MISC**.

### RICs and REITs

If a regulated investment company (RIC) or a real estate investment trust (REIT) declares a dividend in October, November, or December payable to shareholders of record on a specified date in such a month, the dividends are treated as paid by the RIC or REIT and received by the shareholders on December 31 of such year as long as the dividends are actually paid by the RIC or REIT during January of the following year. Report such dividends on Form 1099-DIV for the year preceding the January they are actually paid. See sections 852(b)(7) and 857(b)(8).

If such a dividend paid in January is subject to backup withholding, withhold when the dividend is actually paid. Therefore, backup withhold in January, deposit the withholding when appropriate, and reflect it on Form 945 for the year withheld. However, since the dividend is reportable on Form 1099-DIV in the prior year, the related backup withholding is also reportable on the prior year Form 1099-DIV.

### Qualified Small Business Stock—RICs

Under section 1202, a 50% exclusion may be allowed on the gain on the sale or exchange of qualified small business stock (QSBS) issued after August 10, 1993, and held for more than 5 years. If any part of the capital gain distribution reported in box 2a may qualify for this exclusion (taking into consideration the shareholder's holding period), report the gain in box 2d, and furnish the recipient a statement that reports separately for each designated section 1202 gain the:

- Name of the corporation that issued the stock that was sold,
- Date (or dates) on which the RIC acquired the stock,
- Date sold,
- Shareholder's part of the sales price,
- Shareholder's part of the RIC's basis in the stock, and
- Amount of the shareholder's section 1202 gain.

### Restricted Stock

For information about reporting dividends on restricted stock, see Rev. Procs. 80-11, 1980-1 C.B. 616, and 83-38, 1983-1 C.B. 773, and Rev. Rul. 83-22, 1983-1 C.B. 17.

### Statements to Recipients

If you are required to file Form 1099-DIV, you must provide a statement to the recipient. For information about the requirement to furnish an official or acceptable substitute Form 1099-DIV to recipients in person or by statement mailing, see part **H** in the **2000 General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### 2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an

incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account.

### Box 1

Enter ordinary dividends, including those from money market funds and net short-term capital gains from mutual funds, and other distributions on stock. Include reinvested dividends and section 404(k) dividends. Include the recipient's share of investment expenses that you report in box 5.

### Box 2a

Enter total capital gain distributions (long-term). Include all amounts shown in boxes 2b, 2c, and 2d.

### Box 2b

Enter any amount included in box 2a that is 28% rate gain from sales or exchanges of collectibles.

### Box 2c

Enter any amount included in box 2a that is unrecaptured section 1250 gain from certain depreciable real property.

### Box 2d

Enter any amount included in box 2a that is section 1202 gain from certain qualified small business stock. See **Qualified Small Business Stock—RICs** on page DIV-1.

For more information about reporting amounts in boxes 2a through 2d, see Notice 97-64, 1997-2 C.B. 323, and section 1(h).

### Box 3

Enter nontaxable distributions, if determinable.



*File **Form 5452**, **Corporate Report of Nondividend Distributions**, if you pay nontaxable distributions to shareholders.*

### Box 4

Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to

withholding at a 31% rate on certain dividend payments reported on this form.

### Box 5

Enter the stockholder's pro rata share of certain amounts deductible by a nonpublicly offered regulated investment company in computing its taxable income. This amount is includible in the stockholder's gross income under section 67(c) and must also be included in box 1.

### Box 6

Enter any foreign tax withheld and paid on dividends and other distributions on stock. A regulated investment company must report only the amount it elects to pass through to the shareholder. Report this amount in U.S. dollars.

### Box 7

Enter the name of the foreign country or U.S. possession to which the withheld tax applies.



*Boxes 8 and 9 apply only to corporations in partial or complete liquidation.*

### Box 8

Enter cash distributed as part of a liquidation. Do not include this amount in box 1.

### Box 9

Enter noncash distributions made as part of a liquidation. Show the fair market value as of the date of distribution. Do not include this amount in box 1.

## S Corporations

### Box 1

Report as dividends on Form 1099-DIV only distributions made during 2000 out of accumulated earnings and profits. See section 1368 for more information.

# Instructions for Form 1099-G

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-G and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-G

File **Form 1099-G**, Certain Government and Qualified State Tuition Program Payments, if you made certain payments as a unit of a Federal, state, or local government or distributions from a qualified state tuition program (see **Box 5** below).

### Statements to Recipients

If you are required to file Form 1099-G, you must provide a statement to the recipient. Furnish a copy of Form 1099-G or an acceptable substitute statement to each recipient, except as explained below under **Box 2**. Also, see part **H** in the **2000 General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Box 1

Enter payments of \$10 or more in **unemployment compensation** including Railroad Retirement Board payments for unemployment. Enter the total amount before any income tax was withheld. If you withhold Federal income tax at the request of the recipient, enter it in box 4.

### Box 2

Enter **refunds, credits, or offsets of state or local income tax** of \$10 or more you made to recipients. If recipients deducted the tax paid to a state or local government on their Federal income tax returns, any refunds, credits, or offsets may be taxable to them. If you can determine that the recipient did not claim itemized deductions on the recipient's Federal income tax return for the tax year giving rise to the refund, credit, or offset, you are not required to furnish a copy of Form 1099-G or a substitute statement to the recipient. However, you must file Form 1099-G with the IRS in all cases.

A tax on dividends, a tax on net gains from the sale or exchange of a capital asset, and a tax on the net taxable income of an unincorporated business are taxes on gain or profit rather than on gross receipts. Therefore, they are income taxes, and any refund, credit, or offset of \$10 or more of these taxes is reportable on Form 1099-G. In the case of the dividends tax and the capital gains tax, if you determine that the recipient did not itemize deductions, as explained above, you are not required to furnish a Form 1099-G or substitute statement to the recipient. However, in the case of the tax on unincorporated businesses, you must furnish a Form 1099-G or substitute statement to the recipient in all cases, as this is a tax that applies exclusively to income from a trade or business. See **Box 8** on page G-2 and Rev. Rul. 86-140, 1986-2 C.B. 195.

If you pay **interest** of \$600 or more on the refund, you must file Form 1099-INT and furnish a statement to the recipient. For interest payments of less than \$600, you may choose to enter the amount with an appropriate designation such as "Interest Income" in the blank box on the statement to the recipient.

### Box 3

No entry is required in box 3 if the refund, credit, or offset is for the 1999 tax year. If it is for any other tax year, enter the **year** for which the refund, credit, or offset was made. Also, if the refunds, credits, or offsets are for more than 1 tax year, report the amount for each year on a separate Form 1099-G. Use the format "YYYY" to make the entry in this box. For example, enter 1998, not '98.

### Box 4

Enter **backup withholding**. For example, persons who have not furnished their taxpayer identification number (TIN) to you are subject to backup withholding at a 31% rate on payments required to be reported in box 6 or 7.

Also enter any **voluntary Federal withholding** on unemployment compensation, Commodity Credit Corporation loans, and certain crop disaster payments. If you withheld state income tax, you may label it and report it on the statement to the recipient. However, you are not required to report state withholding to the IRS.

### Box 5

Enter the earnings part of any distribution (including in-kind distributions) from a qualified state tuition program (QSTP) made to the designated beneficiary or account owner. If a QSTP makes a distribution directly to an eligible educational institution to pay tuition and fees for the designated beneficiary or the QSTP makes a check payable to both the beneficiary and the educational institution, enter the name, address, and TIN of the beneficiary on Form 1099-G.

**Qualified state tuition program.** A QSTP is a program established and maintained by a state or its agency or instrumentality under which a person:

1. May purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to the waiver or payment of qualified higher education expenses or
2. May make contributions to an account established to meet the qualified higher education expenses of the account beneficiary.

Other rules apply. See Proposed Regulations section 1.529-2. **Distributions.** Distributions, whether in cash or in kind, include tuition credits or certificates, payment vouchers, tuition waivers, or other similar items. Distributions also include a refund to the account owner, to the designated beneficiary, or to the designated beneficiary's estate.

Do not file Form 1099-G for a **change in the name** of the designated beneficiary on an account if the new beneficiary is a member of the former beneficiary's family. Also, do not file Form 1099-G for a **rollover**. For purposes of reporting on Form 1099-G, a rollover is a trustee-to-trustee transfer from the designated beneficiary's account to an account established for a member of the designated beneficiary's family. The new designated beneficiary's account may be in a QSTP in the same or another state. A distribution is **not** a rollover unless there is

a change in beneficiary. Thus, a transfer from the designated beneficiary's account to himself or herself, regardless of whether the transfer is to an account within the same QSTP or another QSTP in the same or another state, is not a rollover and must be reported on Form 1099-G.

For more information on reporting distributions, see Proposed Regulations section 1.529-4.

**Earnings.** To determine the earnings, you may use the earnings ratio described in Proposed Regulations section 1.529-3. These earnings are not subject to backup withholding.

**Program's name and EIN.** In the Payer's name and Federal identification number areas of the form, enter the name and employer identification number (EIN) of the QSTP. If the QSTP is using the EIN of the state, enter the name of the state on the first name line and the name of the program on the second name line.

#### **Box 6**

Enter any amount of a **taxable grant** administered by a Federal, state, or local program to provide subsidized energy financing

or grants for projects designed to conserve or produce energy, but only with respect to section 38 property or a dwelling unit located in the United States. Also report amounts of other taxable grants of \$600 or more. A Federal grant is ordinarily taxable unless stated otherwise in the legislation authorizing the grant. **Do not** report scholarship or fellowship grants. See **Scholarships** in the **Instructions for Form 1099-MISC**.

#### **Box 7**

Enter USDA **agricultural subsidy** payments made during the year. If you are a nominee that received subsidy payments for another person, file Form 1099-G to report the actual owner of the payments, and report the amount of the payments in box 7.

#### **Box 8**

If the amount in box 2 is a refund, credit, or offset attributable to an income tax that applies exclusively to income from a trade or business and is not a tax of general application, enter an "X" in this box.

# Instructions for Forms 1099-INT and 1099-OID

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1099-INT and 1099-OID and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

**Successor/predecessor reporting.** The procedures for filing a combined Form 1099-INT reporting interest paid by successor/predecessor payers have been expanded to all Forms 1099, 1098, 5498, and W-2G as a result of Rev. Proc. 99-50, 1999-52 I.R.B. 757. Therefore, instructions for filing a combined Form 1099-INT are now contained under **Who Must File** in the General Instructions for Forms 1099, 1098, 5498, and W-2G.

## Specific Instructions for Form 1099-INT

File **Form 1099-INT**, Interest Income, for each person (1) to whom you paid amounts reportable in boxes 1 and 3 of at least \$10 (except for the \$600 limit for interest paid in the course of your trade or business described in the instructions for **Box 1** below), (2) for whom you withheld and paid any foreign tax on interest, or (3) from whom you withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment.

Report only interest payments made in the course of your trade or business including Federal, state, and local government agencies and activities deemed nonprofit, or for which you were a nominee/middleman. Report interest that is treated as original issue discount (OID) in box 1 or 6 of **Form 1099-OID**, Original Issue Discount, not on Form 1099-INT.

**Exceptions.** You are not required to file Form 1099-INT for payments made to certain payees including (1) a corporation, (2) a tax-exempt organization, (3) any IRA or MSA, (4) a U.S. agency, (5) a state, (6) the District of Columbia, (7) a U.S. possession, or (8) a registered securities or commodities dealer.



*Do not report tax-exempt or tax-deferred interest, such as interest on municipal bonds or interest that is earned but not distributed from an IRA.*

An exempt-interest dividend from a regulated investment company retains its tax-exempt status and is not reported on Form 1099-INT or **Form 1099-DIV**, Dividends and Distributions.

**When is a payment made?** Generally, interest is paid when it is credited or set apart for a person without any substantial limitation or restriction as to the time, manner, or condition of payment. The interest must be made available so that it may be drawn on at any time and its receipt brought within the control and disposition of the person.

For payments made on obligations subject to transactional reporting (e.g., savings bonds, interest coupons, and other demand obligations), interest is paid at the time the obligation is

presented for payment. For example, interest on a coupon detached from a bond is paid when it is presented for payment.

**Interest and OID.** If you are reporting interest and original issue discount (OID) on an obligation, you may report both the interest and the OID on Form 1099-OID. It is not necessary to file both Forms 1099-INT and 1099-OID. On Form 1099-OID, report the interest in box 2 and the OID in box 1 or 6. However, you may choose to report the interest on Form 1099-INT and the OID on Form 1099-OID.

**Statements to recipients.** If you are required to file Form 1099-INT, you must furnish a statement to the recipient. For more information about the requirement to furnish an official form or acceptable substitute statement to recipients in person or by statement mailing, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**. If you have furnished Forms 1099-INT to a recipient for amounts received during the year at the time of the transaction, such as you might have done for window transactions, do not include these same amounts in a Form 1099-INT furnished to the same recipient for other payments during the year.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account.

**Payer's RTN (optional).** If you are a financial institution that wishes to participate in the program for direct deposit of refunds, you may enter your routing and transit number (RTN).

**Box 1.** Enter interest not included in box 3. Include amounts of \$10 or more, whether or not designated as interest, that are paid or credited to the person's account by savings and loan associations, mutual savings banks not having capital stock represented by shares, building and loan associations, cooperative banks, homestead associations, credit unions, or similar organizations. Include interest on bank deposits, accumulated dividends paid by a life insurance company, indebtedness (including bonds, debentures, notes and certificates other than those of the U.S. Treasury) issued in registered form or of a type offered to the public, or amounts from which you withheld Federal income tax or foreign tax. In addition, report interest of \$10 or more accrued to a real estate mortgage investment conduit (REMIC) or financial asset securitization investment trust (FASIT) regular interest holder or paid to a collateralized debt obligation (CDO) holder, as explained below.

Include in box 1 any accrued interest on bonds sold between interest dates (or on a payment date). Also show OID on short-term obligations of 1 year or less and interest on all bearer certificates of deposit.

**Also include interest of \$600 or more paid in the course of your trade or business** not meeting the above criteria, such as interest on delayed death benefits paid by a life insurance company, interest received with damages, or interest on a state or Federal income tax refund.

**Do not include** in box 1 interest on tax-free covenant bonds or dividends from money market funds (which are reportable on Form 1099-DIV). Do not include any description in box 1, but if you wish to show a description, use the blank box above box 1.

**Box 2.** Enter interest or principal forfeited because of an early withdrawal of time deposits, such as an early withdrawal from a CD, that is deductible from gross income by the recipient. Do not reduce the amount reported in box 1 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the depositor, see Rev. Ruls. 75-20, 1975-1 C.B. 29, and 75-21, 1975-1 C.B. 367.

**Box 3.** Enter interest on U.S. Savings Bonds, Treasury bills, Treasury notes, and Treasury bonds. Do not include in box 1.

If you make payment on a U.S. Savings Bond or other U.S. obligation on which interest is reportable, enter **your** name, address, and Federal identification number on Form 1099-INT and **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, not those of the U.S. Treasury Department or the Bureau of Public Debt.

**Box 4.** Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding at a 31% rate on payments required to be reported in box 1 (which may be reduced by the amount reported in box 2) and box 3 on this form.

**Box 5.** For single-class REMICs only, see **Box 5** below.

**Box 6.** Enter any foreign tax withheld and paid on interest. Report this amount in U.S. dollars.

**Box 7.** Enter the name of the foreign country or U.S. possession to which the withheld tax applies.

### REMICs, FASITs, and Issuers of CDOs

REMICs, holders of ownership interests in FASITs, issuers of CDOs, and any broker or middleman who holds as a nominee a REMIC or FASIT regular interest or CDO must file Form 1099-INT. The form is used to report interest of \$10 or more, other than OID, accrued to a REMIC or FASIT regular interest holder during the year or paid to a holder of a CDO. If you are also reporting OID, this interest and the OID can be reported on Form 1099-OID. You do not have to file both Forms 1099-INT and 1099-OID.

You are not required to file or issue Form 1099-INT for exempt recipients including the following:

1. A corporation.
2. A broker.
3. A middleman/nominee.
4. A financial institution.
5. Any IRA or MSA.
6. A tax-exempt organization.

For additional exempt recipients, see Regulations section 1.6049-7(c).

**Box 1.** Report in box 1 the amount of interest, other than OID, accrued to each REMIC or FASIT regular interest holder or paid to a CDO holder for the period during the year for which the return is made. If you are a single-class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)), increase the amount otherwise reportable in box 1 by the regular interest

holder's share of investment expenses of the REMIC for the year.

**Box 5.** Enter the regular interest holder's pro rata share of investment expenses deductible by a single-class REMIC.

**Statements to holders.** For each Form 1099-INT you are required to file, you must furnish a statement to the REMIC or FASIT regular interest or CDO holder identified on the form. The statement must contain the information shown on Form 1099-INT, including the legend shown on Copy B of the official Form 1099-INT, and an indication that these items are being furnished to the IRS. The statement also must show the information specified in Regulations section 1.6049-7(f)(2)(i). In addition, the statement furnished by a REMIC must show, for each calendar quarter, the information specified in Regulations section 1.6049-7(f)(3). Also see Regulations section 1.6049-7(f)(3)(ii) for information that may be required to be reported to a real estate investment trust (REIT) that holds a REMIC regular interest.

A single-class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)) must include in the statement the investment expenses paid or accrued during each calendar quarter by the REMIC for which the REMIC is allowed a deduction under section 212 and the proportionate share of those investment expenses allocated to the regular interest holder.

The statement must be furnished to holders by **March 15**. To meet the statement requirement, you may furnish a copy of Form 1099-INT and a separate statement containing the additional information to the REMIC or FASIT regular interest or CDO holder.

For information about reporting income to REMIC residual interest holders, see the instructions for **Schedule Q (Form 1066)**, Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation, in the separate **Instructions for Form 1066**.

**Form 8811 and reporting by brokers or middlemen.** REMICs, holders of ownership interests in FASITs, and issuers of CDOs must also file **Form 8811**, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the start-up date of the REMIC or issue date of a FASIT regular interest or CDO. The IRS will use the information on Forms 8811 to update **Pub. 938**, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Regulations section 1.6049-7(e)(4). Pub. 938 is available only on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov).

For the requirements that a REMIC or CDO issuer (including the holder of the ownership interest in a FASIT) or a broker or middleman who holds a REMIC or FASIT regular interest or a CDO furnish certain information on request, see Regulations sections 1.6049-7(e) and 1.6049-7(f)(7).

For more information about FASITs, see sections 860H through 860L and any regulations issued under those sections.

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## Specific Instructions for Form 1099-OID

File **Form 1099-OID**, Original Issue Discount, if the original issue discount (OID) includible in gross income is at least \$10 and you are any of the following:

- An issuer with any bond outstanding or other evidence of indebtedness in registered or bearer form issued with OID;
- An issuer of a certificate of deposit (CD) made, purchased, or renewed after 1970 if the CD has OID and a term of more than 1 year;
- A financial institution having other deposit arrangements, such as time deposits or bonus-savings plans, if the arrangements have OID and a term of more than 1 year;
- A broker or other middleman holding an OID obligation, including CDs, as nominee for the actual owner; or
- A real estate mortgage investment conduit (REMIC), a holder of an ownership interest in a financial asset securitization investment trust (FASIT), or an issuer of a collateralized debt obligation (CDO).

Also, file Form 1099-OID for any person for whom you withheld and paid any foreign tax on OID or from whom you withheld any Federal income tax under the backup withholding rules even if the amount of the OID is less than \$10.

**Original issue discount.** OID is the excess of an obligation's stated redemption price at maturity over its issue price (acquisition price for a stripped bond or coupon). A discount of less than  $\frac{1}{4}$  of 1% of the stated redemption price at maturity, multiplied by the number of full years from the date of issue to maturity, is considered to be zero.

**Reporting OID.** You must prepare a Form 1099-OID for each person who is a holder of record of the obligation if the OID includible in the holder's gross income is at least \$10.

For a discussion of the reporting requirements for REMICs, FASITs, and CDOs, see **REMICs, FASITs, and Issuers of CDOs** below.

Ordinarily, you will file only one Form 1099-OID for the depositor or holder of a particular obligation for the calendar year. If a person holds more than one discount obligation, issue a separate Form 1099-OID for each obligation. However, if a person holds more than one certificate of the same issue for the same period of time during the calendar year, and if Form 1099-OID amounts are proportional, you may treat all such certificates as one discount obligation and file a single Form 1099-OID.

For information about how to compute OID, see sections 1271-1275 and their regulations.

If you are a **broker or middleman** who holds a bank CD as nominee, whether or not you sold the CD to the owner, you must determine the amount of OID includible in the income of the owner, if any, and report it on Form 1099-OID.

**Pub. 1212**, List of Original Issue Discount Instruments, contains information on certain outstanding publicly offered discount obligations. It is available on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov).

Issuers of certain publicly offered debt instruments having OID must file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments, within 30 days after the date of issuance. The information provided on that form will enable the IRS to update Pub. 1212. See Form 8281 for details.

**Exceptions.** You are not required to file Form 1099-OID for payments made to certain payees including a corporation, a tax-exempt organization, any IRA, a medical savings account (MSA) or Medicare+Choice MSA, a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

Do not report interest on U.S. Savings Bonds on this form. Report it on Form 1099-INT. Also report OID on obligations with a term of 1 year or less on Form 1099-INT.

**Interest and OID.** If you are reporting stated interest and OID on an obligation, you may report both the interest and the OID on Form 1099-OID. It is not necessary to file both Forms 1099-INT and 1099-OID. On Form 1099-OID, report the interest in box 2 and the OID in box 1 or 6. However, you may choose to report the interest on Form 1099-INT and the OID on Form 1099-OID.

**Statements to recipients.** If you are required to file Form 1099-OID, you must furnish a statement to the recipient. For more information about the requirement to furnish an official form or acceptable substitute statement to recipients in person or by statement mailing, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account.

**Box 1.** Report the OID on the obligation for the part of the year it was owned by the record holder. Do not include the amount reported in box 6. For a discussion of REMICs, FASITs, and CDOs, see **REMICs, FASITs, and Issuers of CDOs** below.

**Box 2.** Enter any stated interest (that is not OID) paid or credited on this obligation during the year. However, you may report any stated interest that is not OID on Treasury Inflation-Indexed Securities in box 3 of Form 1099-INT rather than in box 2 of Form 1099-OID. Interest reported here must not be reported on Form 1099-INT. For a discussion of REMICs, FASITs, and CDOs, see **REMICs, FASITs, and Issuers of CDOs** below.

**Box 3.** Enter interest or principal forfeited because of an early withdrawal, such as an early withdrawal from a CD, that is deductible from gross income by the recipient. Do not reduce the amounts in boxes 1 and 2 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the holder, see Rev. Ruls. 75-20, 1975-1 C.B. 29, and 75-21, 1975-1 C.B. 367.

**Box 4.** Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding at a 31% rate. The 31% applies to amounts required to be reported in boxes 1, 2, and 6 but limited to the cash paid on these obligations. Before applying the 31%, you may reduce the amounts reported in boxes 1 and 2 by the amount reported in box 3.

**Box 5.** Enter the CUSIP (Committee on Uniform Security Identification Procedures) number, if any. If there is no CUSIP number, enter the abbreviation for the stock exchange, the abbreviation for the issuer used by the stock exchange, the coupon rate, and the year of maturity (e.g., NYSE XYZ 12 $\frac{1}{2}$  25). If the issuer of the obligation is other than the payer, show the name of the issuer.

**Box 6.** Enter the OID on a U.S. Treasury obligation for the part of the year it was owned by the record holder. Do not include this amount in box 1. You may enter any stated interest on the Treasury obligation in box 2.

If you make payment on a U.S. Treasury obligation on which OID is reportable, enter **your** name, address, and Federal identification number on Forms 1099-OID and 1096, not those of the U.S. Treasury Department or the Bureau of Public Debt.

**Box 7.** For single-class REMICs only, see **Box 7** on page INT-4.

### REMICs, FASITs, and Issuers of CDOs

REMICs, holders of ownership interests in FASITs, issuers of CDOs, and any broker or middleman who holds as a nominee a REMIC or FASIT regular interest or CDO must file Form 1099-OID. The form is used to report OID of \$10 or more accrued to a REMIC or FASIT regular interest holder or to a holder of a CDO. Also use Form 1099-OID to report other interest accrued to a REMIC or FASIT regular interest holder during the year or paid to a holder of a CDO. You may use Form 1099-INT rather than Form 1099-OID to report interest for an

instrument issued with OID if no OID is includible in the regular interest holder's or CDO holder's income for the year.

You are not required to file or issue Form 1099-OID for exempt recipients including the following:

1. A corporation.
2. A broker.
3. A middleman/nominee.
4. A financial institution.
5. Any IRA or MSA.
6. A tax-exempt organization.

For additional exempt recipients, see Regulations section 1.6049-7(c).

**Box 1.** Report in box 1 the aggregate amount of OID includible in the gross income of each REMIC or FASIT regular interest or CDO holder for the period during the year for which the return is made. No amount should be reported in box 6.

**Box 2.** Report in box 2 any amount of interest, other than OID, accrued to each REMIC or FASIT regular interest holder or paid to each CDO holder. If you are a single-class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)), increase the amount otherwise reportable in box 2 by the regular interest holder's share of investment expenses of the REMIC for the year.

**Box 7.** Enter the regular interest holder's pro rata share of investment expenses deductible by a single-class REMIC.

**Statements to holders.** For each Form 1099-OID you are required to file, you must furnish a statement to the REMIC or FASIT regular interest or CDO holder identified on the form. The statement must contain the information shown on Form 1099-OID, including the legend shown on Copy B of the official Form 1099-OID, and an indication that these items are being furnished to the IRS. The statement also must show the information specified in Regulations section 1.6049-7(f)(2)(ii). In addition, the statement furnished by a REMIC must show, for each calendar quarter, the information specified in Regulations section 1.6049-7(f)(3). Also see Regulations section 1.6049-7(f)(3)(ii) for information that may be required to be

reported to a real estate investment trust (REIT) that holds a REMIC regular interest.

A single-class REMIC (as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)) must include in the statement the investment expenses paid or accrued during each calendar quarter by the REMIC for which the REMIC is allowed a deduction under section 212 and the proportionate share of those investment expenses allocated to the regular interest holder.

The statement must be furnished to holders by **March 15**. To meet the statement requirement, you may furnish a copy of Form 1099-OID and a separate statement containing the additional information to the REMIC or FASIT regular interest or CDO holder.

For information about reporting income to REMIC residual interest holders, see the instructions for **Schedule Q (Form 1066)**, Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation, in the separate **Instructions for Form 1066**.

**Form 8811 and reporting by brokers or middlemen.** REMICs, holders of ownership interests in FASITs, and issuers of CDOs must also file **Form 8811**, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the start-up date of the REMIC or issue date of a FASIT regular interest or CDO. The IRS will use the information on Forms 8811 to update **Pub. 938**, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Regulations section 1.6049-7(e)(4). Pub. 938 is available only on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov).

For the requirements that a REMIC or CDO issuer (including the holder of the ownership interest in a FASIT) or a broker or middleman who holds a REMIC or FASIT regular interest or a CDO furnish certain information on request, see Regulations sections 1.6049-7(e) and 1.6049-7(f)(7).

For more information about FASITs, see sections 860H through 860L and any regulations issued under those sections.



# Instructions for Form 1099-LTC

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-LTC and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-LTC

File **Form 1099-LTC**, Long-Term Care and Accelerated Death Benefits, if you pay any long-term care benefits.

### Long-Term Care Benefits

Long-term care benefits means—

1. Any payments made under a product that is advertised, marketed, or offered as long-term care insurance (whether qualified or not) and
2. Accelerated death benefits (excludable in whole or in part from gross income under section 101(g)) paid under a life insurance contract or paid by a viatical settlement provider.

### Accelerated Death Benefits

An accelerated death benefit is any amount paid under a life insurance contract for an insured individual who is terminally or chronically ill. It also includes any amount paid by a viatical settlement provider for the sale or assignment of a death benefit under a life insurance contract for a chronically or terminally ill individual.

### Reporting

Report payments only if the policyholder is an individual. Reportable payments are those made to the policyholder, to the insured, or to a third party.

You may report benefits paid from each contract on a separate Form 1099-LTC. At your option, you may aggregate benefits paid under multiple contracts on one Form 1099-LTC if the same information is reportable on the form for each contract (other than the amount of benefits paid).

### Who Must File

File Form 1099-LTC if you paid any long-term care benefits, including accelerated death benefits. Payers include insurance companies, governmental units, and viatical settlement providers.

### Viatical Settlement Providers

A viatical settlement provider is any person who—

1. Is regularly engaged in the trade or business of purchasing or taking assignments of life insurance contracts on the lives of terminally or chronically ill individuals and
2. Is licensed in the state where the insured lives. If licensing is not required in the state, the provider must meet other

requirements (including those below) depending on whether the insured is terminally or chronically ill.

- If the insured is terminally ill, the provider must meet the requirements of sections 8 and 9 of the Viatical Settlements Model Act of the National Association of Insurance Commissioners (NAIC), relating to disclosure and general rules. The provider must also meet the requirements of the Model Regulations of the NAIC for evaluating the reasonableness of amounts paid in viatical settlement transactions with terminally ill individuals.
- If the insured is chronically ill, the provider must meet requirements similar to those of sections 8 and 9 of the Viatical Settlements Model Act of the NAIC and must also meet any standards of the NAIC for evaluating the reasonableness of amounts paid in viatical settlement transactions with chronically ill individuals.

### Chronically ill Individual

A chronically ill individual is someone who has been certified (at least annually) by a licensed health care practitioner as—

1. Being unable to perform, without substantial assistance from another individual, at least two daily living activities (eating, toileting, transferring, bathing, dressing, and continence) for at least 90 days due to a loss of functional capacity; or
2. Having a level of disability similar to the level of disability in 1 above (as prescribed by regulations); or
3. Requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

### Terminally ill Individual

A terminally ill individual is someone who has been certified by a physician as having an illness or physical condition that can reasonably be expected to result in death in 24 months or less.

### Policyholder

The policyholder is the individual who owns the contract, including the owner of a contract sold or assigned to a viatical settlement provider. In the case of a group contract, the term policyholder includes the certificate holder (or similar participant). You must report long-term care benefits to the policyholder even if the payments were made to the insured or to a third party (e.g., a nursing home, caretaker, or physician). The policyholder also may be the insured. Enter the name, address, and taxpayer identification number (TIN) of the policyholder on Form 1099-LTC. If the policyholder is not an individual, no reporting is required.

### Insured

The insured is the chronically or terminally ill individual on whose behalf long-term care benefits are paid. Enter the name, address, and TIN of the insured on Form 1099-LTC.

### Statement to Policyholder and Insured

If you are required to file Form 1099-LTC, you must furnish a statement to both the policyholder and to the insured. Copy B of the official Form 1099-LTC may be used to furnish the statement to the policyholder. Copy C may be used to furnish the statement to the insured. You may also use an acceptable substitute. For more information about the requirement to

furnish a statement to the policyholder and to the insured, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

If the policyholder is also the insured, you must provide Copy B or an acceptable substitute. If you choose, you may also provide Copy C.

**Box 1**

Enter the gross long-term care benefits paid this year (other than accelerated death benefits). These benefits are all amounts paid out on a per diem (or other periodic) basis or on a reimbursed basis. It includes amounts paid to the insured, to the policyholder, and to third parties. You are not required to determine whether any benefits are taxable or nontaxable.

**Box 2**

Enter the gross accelerated death benefits paid under a life insurance contract this year to or on behalf of an insured who has been certified as terminally or chronically ill. Include the

amount paid by a viatical settlement provider for the sale or assignment of the insured's death benefit under a life insurance contract.

**Box 3**

Check a box to indicate whether the payments were made on a per diem (or other periodic) basis or on a reimbursed basis. For accelerated death benefits, do not check a box if you made payments on behalf of a terminally ill person. Per diem basis means payments made on any periodic basis without regard to actual expenses. Reimbursed basis means payments made for actual expenses incurred.

**Box 4 (optional)**

Check the box to indicate whether the insured was chronically or terminally ill. Also, enter the latest date certified. If the insured was neither chronically nor terminally ill, leave this box blank. See **Chronically ill Individual** and **Terminally ill Individual** on page LTC-1.

# Instructions for Form 1099-MISC

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-MISC and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-MISC

File **Form 1099-MISC**, Miscellaneous Income, for each person to whom you have paid (1) at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest (see **Box 8** on page MISC-5); (2) at least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments, crop insurance proceeds, or cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish; (3) any fishing boat proceeds; or (4) gross proceeds paid to an attorney. In addition, use Form 1099-MISC to report that you made direct sales of at least \$5,000 of consumer products to a buyer for resale. You must also file Form 1099-MISC for each person from whom you have withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment. Report only payments made in the course of your trade or business, including those made by Federal, state, or local government agencies and nonprofit organizations.



*Be sure to report payments in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.*

**Trade or business.** Report payments only when they are made in the course of your trade or business. Thus, personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Nonprofit organizations subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under section 501(c) or (d), and farmers' cooperatives that are exempt from tax under section 521. Payments by Federal, state, or local government agencies are also reportable.

**Payments to attorneys.** Attorneys' fees of \$600 or more paid in the course of your trade or business are and continue to be reportable in box 7 of Form 1099-MISC. However, if you make a payment in the course of your trade or business to an attorney in connection with legal services and the attorney's fee cannot be determined, the total amount paid to the attorney (gross proceeds) must be reported in box 13 with Code A. For example, an insurance company pays an attorney \$100,000 to settle a claim. The attorney's fee cannot be determined by the insurance company. Therefore, the insurance company must report \$100,000 in box 13 of Form 1099-MISC with Code A. If the

insurance company knows that the attorney's fee is, for example, \$34,000, the insurance company must report \$34,000 in box 7 and nothing in box 13.

These rules apply (a) whether or not the legal services are provided to the payer and (b) whether or not the attorney is the exclusive payee (e.g., the attorney's and claimant's names on one check). However, these rules do not apply to profits distributed by a partnership to its partners that are reportable on **Schedule K-1 (Form 1065)**, Partner's Share of Income, Credits, Deductions, etc., or **Schedule K-1 (Form 1065-B)**, Partner's Share of Income (Loss) From an Electing Large Partnership, or to wages paid to attorneys that are reportable on **Form W-2**, Wage and Tax Statement. The term "attorney" includes a law firm or other provider of legal services.

**Payments to corporations for legal services.** The exemption from reporting payments made to corporations no longer applies to payments for legal services. Therefore, you must report attorneys' fees (in box 7) or gross proceeds (in box 13) as described above to corporations that provide legal services.

**TINs.** To report payments to attorneys on Form 1099-MISC, you must obtain the attorney's taxpayer identification number (TIN). **Form W-9**, Request for Taxpayer Identification Number and Certification, may be used to obtain the attorney's TIN. An attorney is required to promptly supply its TIN whether it is a corporation or other entity, but the attorney is not required to certify its TIN. If the attorney fails to provide its TIN, the attorney may be subject to a penalty under section 6723 and its regulations, and the reportable payments are subject to backup withholding.

**Fish purchases.** If you are in the trade or business of purchasing fish for resale, you must report total **cash** payments of \$600 or more paid during the year to any person who is engaged in the trade or business of catching fish. Report these payments in box 7. You are required to keep records showing the date and amount of each cash payment made during the year, but you must report only the total amount paid for the year on Form 1099-MISC.

"Fish" means all fish and other forms of aquatic life. "Cash" means (1) U.S. and foreign coin and currency and (2) a cashier's check, bank draft, traveler's check, or money order. Cash does not include a check drawn on your personal or business account.

**Exceptions.** Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a **Form 1099-MISC is not required** include:

1. Generally payments to a corporation, but see **Payments reportable to corporations** on page MISC-2;
  2. Payments for merchandise, telegrams, telephone, freight, storage, and similar payments;
  3. Payments of rent to real estate agents;
  4. Wages paid to employees (report on Form W-2);
  5. Business travel allowances paid to employees (may be reportable on Form W-2); and
  6. PS 58 costs (report on **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.).
- See page MISC-2 for additional payments not reportable on Form 1099-MISC.

**Fees paid to informants.** A payment to an informant as an award, fee, or reward for information about criminal activity is not required to be reported if the payment is made by a Federal, state, or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see Regulations section 1.6041-3(n).

**Scholarships.** Do not use Form 1099-MISC to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments (to a degree or nondegree candidate) are not required to be reported by you to the IRS on any form. See Notice 87-31, 1987-1 C.B. 475, for more information.

**Difficulty-of-care payments.** Difficulty-of-care payments that are excludable from the recipient's gross income are not required to be reported. Difficulty-of-care payments to foster-care providers are not reportable if paid for not more than 10 children under age 19 and not more than 5 individuals age 19 or older. Amounts paid for more than 10 children or more than 5 individuals are reportable on Form 1099-MISC.

**Payments reportable to corporations.** The following payments made to corporations generally must be reported on Form 1099-MISC:

- Medical and health care payments reported in box 6. (But see **Box 6** on page MISC-4.)
- Fish purchases for cash reported in box 7.
- Attorneys' fees reported in box 7.
- Gross proceeds paid to an attorney reported in box 13.
- Payments by a Federal executive agency for services (vendors) reported in box 7.
- Substitute payments in lieu of dividends or tax-exempt interest reported in box 8.

**Canceled debt.** A canceled debt is not reportable on Form 1099-MISC. Only financial institutions, credit unions, Federal Government agencies, and certain agencies connected with the Federal Government are required to report canceled debts on **Form 1099-C**, Cancellation of Debt. See the separate **Instructions for Forms 1099-A and 1099-C**.

**Deceased employee's wages paid to estate or beneficiary.** If an employee dies during the year, you must report on Form 1099-MISC the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the **payment in the same year the employee died**, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2 to ensure proper social security and Medicare credit is received. On the Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6; **do not show the payment in box 1 of Form W-2**. If you made the **payment after the year of death**, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it on Form 1099-MISC for the payment to the estate or beneficiary. Report the payment in box 3 (rather than in box 7 as specified in Rev. Rul. 86-109, 1986-2 C.B. 196). Enter the name and TIN of the payment recipient on Form 1099-MISC. For example, if the recipient is an individual beneficiary, enter the name and social security number of the individual; if the recipient is the estate, enter the name and employer identification number of the estate. The general backup withholding rules apply to this payment.

However, death benefits from qualified and nonqualified deferred compensation plans paid to the estate or beneficiary of a deceased employee are not reportable on Form 1099-MISC but are reportable on Form 1099-R. See the separate

## Instructions for Forms 1099-R and 5498.

**Example.** Before Employee A's death on June 15, 2000, A was employed by Employer X and received \$10,000 in wages on which Federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2000. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete **Form W-2** as follows:

- **Box 1**—10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- **Box 2**—1500.00
- **Box 3**—13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 4**—806.00 (6.2% of the amount in box 3)
- **Box 5**—13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 6**—188.50 (1.45% of the amount in box 5)

Employer X also must complete **Form 1099-MISC** as follows:

- **Boxes for recipient's name, address, and TIN**—the estate's name, address, and TIN.
- **Box 3**—3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment **after** the year of death, the \$3,000 would **not** be subject to social security and Medicare taxes and would **not** be shown on Form W-2. However, the employer would still file Form 1099-MISC.

**Employee business expense reimbursements.** Do not use Form 1099-MISC to report employee business expense reimbursements. Report payments made to employees under a nonaccountable plan as wages on Form W-2. Generally, payments made to employees under an accountable plan are not reportable on Form W-2, except in certain cases when you pay per diem or mileage allowance. For more information, see the **Instructions for Forms W-2 and W-3** and **Pub. 463**, Travel, Entertainment, Gift, and Car Expenses. For information on reporting employee moving expense reimbursements on Form W-2, see the Instructions for Forms W-2 and W-3.

**Independent contractor or employee.** Generally, you must report payments to independent contractors on Form 1099-MISC in box 7. To help you determine whether someone is an independent contractor or an employee, see **Pub. 15-A**, Employer's Supplemental Tax Guide.

**TIP** *Section 530 of the Revenue Act of 1978 as extended by section 269(c) of P.L. 97-248, deals with the employment tax status of independent contractors and employees. To qualify for relief under section 530, employers must file Form 1099-MISC. Additional requirements for relief are discussed in Rev. Proc. 85-18, 1985-1 C.B. 518. Also see Notice 87-19, 1987-1 C.B. 455, for special rules that may apply to certain skilled workers, such as engineers, designers, drafters, computer programmers, and systems analysts.*

**Transit passes and parking for independent contractors.** Although you cannot provide qualified transportation fringes to independent contractors, the de minimis fringe rules for transit passes and parking apply to independent contractors. Tokens or farecards that enable an independent contractor to commute on a public transit system (not including privately operated van pools) are excludable from the independent contractor's gross income and are not reportable on Form 1099-MISC if their value in any month is \$21 or less. However, if the value of a pass provided in a month is greater than \$21, the full value is includible in gross income and is reportable on Form 1099-MISC. The value of parking may be excludable from an independent contractor's gross income, and, therefore, not reportable on Form 1099-MISC, if certain requirements are met. See Notice 94-3, 1994-1 C.B. 327, and Regulations sections 1.132-1(b)(2), and 1.132-6(a), (b), and (d)(1).

**Directors' fees.** You must report directors' fees and other remuneration, including payments made after retirement, on Form 1099-MISC in the year paid. Report them in box 7.

**Commissions paid to lottery ticket sales agents.** A state that has control over and responsibility for on-line and instant lottery games must file Form 1099-MISC to report commissions, whether paid directly or indirectly, to licensed sales agents. For example, State X retains control over and liability for on-line and instant lottery games. For on-line ticket sales, State X pays commissions by allowing an agent to retain 5% of the ticket proceeds the agent remits to State X. For instant ticket sales, State X pays commissions by providing tickets to the agent for 5% less than the proceeds to be obtained by the agent from the sale of those tickets. If the commissions for the year total \$600 or more, they must be reported in box 7 on Form 1099-MISC. The commissions are paid by State X to the agent on the date payment is due from the agent on the statement of account for lottery tickets covered by that statement. See Rev. Rul. 92-96, 1992-2 C.B. 281.

**Escrow agent; construction project.** When an escrow agent maintains owner-provided funds in an escrow account for a construction project, performs an oversight function for the construction project, and makes payments for the owner and the general contractor, the escrow agent must file Form 1099-MISC for reportable payments of \$600 or more. This requirement applies whether or not the escrow agent is a bank. If the contractor is the borrower of the funds, do not report on Form 1099-MISC any loan payments made to the contractor/borrower. For more information, see Rev. Rul. 93-70, 1993-2 C.B. 294.

**Indian gaming profits, payments to tribal members.** If you make payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes, you must withhold Federal income tax on such payments and file Form 1099-MISC.

File Form 1099-MISC to report the distributions to tribal members. Report the payments in box 3 and the Federal income tax withheld in box 4. Pub. 15-A contains the necessary "Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members."

**State and local sales taxes.** If state or local sales taxes are imposed on the service provider and you (as the buyer) pay them to the service provider, report them on Form 1099-MISC as part of the reportable payment. However, if sales taxes are imposed on you (as the buyer) and collected from you by the service provider, do not report the sales taxes on Form 1099-MISC.

**Statements to recipients.** If you are required to file Form 1099-MISC, you must provide a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

**Box 1.** Enter amounts of \$600 or more for all types of **rents**, such as real estate rentals paid for office space (unless paid to a real estate agent), machine rentals (e.g., renting a bulldozer to level your parking lot), and pasture rentals (e.g., farmers paying for the use of grazing land). If the machine rental is part of a contract that includes both the use of the machine and the operator, the rental should be prorated between the rent of the machine (reported in box 1) and the operator's charge (reported as nonemployee compensation in box 7). Public housing agencies must report in box 1 rental assistance payments made to owners of housing projects. See Rev. Rul. 88-53, 1988-1 C.B. 384.

**Coin-operated amusements.** If an arrangement between an owner of coin-operated amusements and an owner of a business establishment where the amusements are placed is a lease of the amusements or the amusement space, the owner of the amusements or the owner of the space, whoever makes the payments, must report the lease payments in box 1 of Form 1099-MISC if the payments total at least \$600. However, if the arrangement is a joint venture, the joint venture must file a **Form 1065**, U.S. Partnership Return of Income, and provide each

partner with information necessary to report the partner's share of the taxable income. Coin-operated amusements include video games, pinball machines, jukeboxes, pool tables, slot machines, and other machines and gaming devices operated by coins or tokens inserted into the machines by individual users. For more information, see Rev. Rul. 92-49, 1992-1 C.B. 433.

**Box 2.** Enter gross **royalty payments** of \$10 or more before reduction for severance and other taxes that may have been withheld and paid. Include in this box gross royalties (before reduction for fees, commissions, or expenses) paid by a publisher directly to an author or literary agent or paid by a literary agent to an author. Do not include surface royalties. They should be reported in box 1. Do not report oil or gas payments for a working interest in box 2; report payments for working interests in box 7. Do not report timber royalties made under a pay-as-cut contract; report such timber royalties on **Form 1099-S**, Proceeds From Real Estate Transactions.

**Box 3.** Enter **other income** of \$600 or more required to be reported on Form 1099-MISC that is not reportable in one of the other boxes on the form.

Also enter in box 3 **prizes and awards** that are not for services performed. Include the fair market value (FMV) of merchandise won on game shows. Also include amounts paid to a winner of a sweepstakes not involving a wager. If a wager is made, report the winnings on **Form W-2G**, Certain Gambling Winnings.

**TIP** *If, not later than 60 days after becoming entitled to the prize, the winner can choose the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, file Form 1099-MISC each year to report the annuity paid during that year.*

Do not include prizes and awards paid to your employees. Report these on Form W-2. Do not include in box 3 prizes and awards for services performed by nonemployees, such as an award for the top commission salesperson. Report them in box 7.

Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are **not** reportable if (1) the winners are chosen without action on their part, (2) the winners are not expected to perform future services, **AND** (3) the payer transfers the prize or award to a charitable organization or governmental unit under a designation made by the recipient. See Rev. Proc. 87-54, 1987-2 C.B. 669.

**Other items** required to be reported in box 3 include the following:

1. Generally, all punitive **damages**, any damages for nonphysical injuries or sickness, and any other taxable damages. Report punitive damages even if they relate to physical injury or physical sickness. Generally, report all compensatory damages for nonphysical injuries or sickness, such as employment discrimination or defamation. However, **do not** report damages (other than punitive damages):

- a. Received on account of personal physical injuries or physical sickness;
- b. That do not exceed the amount paid for medical care for emotional distress; or
- c. Received on account of nonphysical injuries (e.g., emotional distress) under a written binding agreement, court decree, or mediation award in effect on or issued by September 13, 1995.

Damages received on account of emotional distress, including physical symptoms such as insomnia, headaches, and stomach disorders, are **not** considered received for a physical injury or physical sickness and are reportable unless described in **b** or **c** above. However, damages received on account of emotional distress due to physical injuries or physical sickness are not reportable.

Also report liquidated damages received under the Age Discrimination in Employment Act of 1967.



**TIP** Taxable back pay damages may be wages and reportable on Form W-2. See **Pub. 957**, Reporting Back Pay and Special Wage Payments to the Social Security Administration.

2. Payments to nonemployees specified in, and payments similar to those specified in, Rev. Rul. 65-18, 1965-1 C.B. 32, about payments to patients and members in Department of Veterans Affairs (VA) hospitals and domiciliaries under the **VA therapeutic or rehabilitative programs**.

3. Payments as explained on page MISC-2 under **Deceased employee's wages paid to estate or beneficiary**.

4. Payments as explained on page MISC-3 under **Indian gaming profits, payments to tribal members**.

5. **Termination payments** to former self-employed insurance salespeople. These payments are not subject to self-employment tax and are reportable in box 3 (rather than box 7) if **all** the following apply:

- The payments are received from an insurance company because of services performed as an insurance salesperson for the company.
- The payments are received after termination of the salesperson's agreement to perform services for the company.
- The salesperson did not perform any services for the company after termination and before the end of the year.
- The salesperson enters into a covenant not to compete against the company for at least 1 year after the date of termination.
- The amount of the payments depend primarily on policies sold by the salesperson or credited to the salesperson's account during the last year of the service agreement or on the extent to which those policies remain in force for some period after termination, or both.
- The amount of the payments do not depend at all on length of service or overall earnings from the company (regardless of whether eligibility for payment depends on length of service).

If the termination payments do not meet these requirements, report them in box 7.

**Box 4.** Enter backup withholding. For example, persons who have not furnished their TIN to you are subject to withholding at a 31% rate on payments required to be reported in boxes 1, 2 (net of severance taxes), 3, 5 (to the extent paid in cash), 6, 7 (except fish purchases for cash), 8, 10, and 13 using Code A. For more information on backup withholding, see the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

Also enter any income tax withheld from payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes.

**Box 5.** Enter the share of all proceeds from the sale of a catch or the fair market value of a distribution in kind to each crew member of **fishing boats** with normally fewer than 10 crew members. A fishing boat has normally fewer than 10 crew members if the average size of the operating crew was fewer than 10 on trips during the preceding 4 calendar quarters.

In addition, report cash payments of up to \$100 per trip that are contingent on a minimum catch and are paid solely for additional duties (such as mate, engineer, or cook) for which additional cash payments are traditional in the industry. However, do not report on Form 1099-MISC any wages reportable on Form W-2.

**Box 6.** Enter payments of \$600 or more made in the course of your trade or business to each physician or other supplier or provider of **medical or health care services**. Include payments made by medical and health care insurers under health, accident, and sickness insurance programs. If payment is made to a corporation, list the corporation as the recipient rather than the individual providing the services. You are not required to report payments to pharmacies for prescription drugs. See Rev. Ruls. 69-595, 1969-2 C.B. 242, and 70-608, 1970-2 C.B. 286.

The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations. However, you are not required to report payments made to a

tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States (or its possessions), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.

**Box 7.** Enter **nonemployee compensation** of \$600 or more. Include fees, commissions, prizes and awards for services performed, other forms of compensation for services performed for your trade or business by an individual who is not your employee, and fish purchases for cash. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Federal executive agencies that make payments to vendors for services, including payments to corporations, must report the payments in this box.

**Exceptions.** Do not report in box 7, nor elsewhere on Form 1099-MISC, PS 58 costs (report on Form 1099-R); an employee's wages, travel or auto allowance, or bonuses (report on Form W-2); or the cost of group-term life insurance paid on behalf of a former employee (report on Form W-2).

**Self-employment tax.** Generally, amounts reportable in box 7 are subject to self-employment tax. However, corporations are not subject to self-employment tax. If payments to individuals are not subject to this tax and are not reportable elsewhere on Form 1099-MISC, report the payments in box 3. However, report section 530 (of the Revenue Act of 1978) worker payments in box 7.

**Nonemployee compensation.** If the following four conditions are met, you must generally report a payment as nonemployee compensation: (1) you made the payment to someone who is not your employee; (2) you made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations); (3) you made the payment to an individual, partnership, estate, or, in some cases, a corporation; and (4) you made payments to the payee of at least \$600 during the year.

**Examples.** The following are some examples of payments to be reported in box 7:

1. Professional service fees, such as fees to attorneys (including corporations), accountants, and architects.
2. Fees paid by one professional to another, such as fee-splitting or referral fees.
3. Payments by attorneys to witnesses or experts in legal adjudication.
4. Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts, since furnishing parts was incidental to repairing the auto.
5. Commissions paid to nonemployee salespersons that are subject to repayment but not repaid during the calendar year.
6. A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600.
7. Payments to nonemployee entertainers for services. (Use **Form 1042-S**, Foreign Person's U.S. Source Income Subject to Withholding, for payments to nonresident aliens.)

**8. Exchanges of services** between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney's law offices. The amount reportable by each on Form 1099-MISC is the fair market value of his or her own services performed. However, if the attorney represents the painter in a divorce proceeding, this is an activity that is unrelated to the painter's trade or business. The attorney must report on Form 1099-MISC the value of his or her services. But the painter need not report on Form 1099-MISC the value of painting the law offices because the work is in exchange for legal services that are separate from the painter's business.

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 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. Ronald Barr XYZ Builders 123 Maple Avenue Oaktown, VA 22000 703-123-4567		1 Rents \$	OMB No. 1545-0115  <b>2000</b> Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number 10-9999999	RECIPIENT'S identification number 123-45-6789	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy A For Internal Revenue Service Center  File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2000 General Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name Daniel Joseph ABC Drywall		6 Medical and health care payments \$	7 Nonemployee compensation \$ 5500.00	
Street address (including apt. no.) 456 Flower Lane		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
City, state, and ZIP code Oaktown, VA 22000		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	12 State/Payer's state number	13 \$	

Form 1099-MISC

Cat. No. 14425J

Department of the Treasury - Internal Revenue Service

**9.** Taxable fringe benefits for nonemployees. For information on the valuation of fringe benefits, see **Pub. 535**, Business Expenses, and **Pub. 15-A**, Employer's Supplemental Tax Guide.

**10.** Gross oil and gas payments for a working interest.

**11.** Payments to an insurance salesperson who is not your common law or statutory employee. See Pub. 15-A for the definition of employee. However, for termination payments to former insurance salespeople, see "Termination payments" on page MISC-4.

**12.** Directors' fees as explained under **Directors' fees** on page MISC-2.

**13.** Commissions paid to licensed lottery ticket sales agents as explained under **Commissions paid to lottery ticket sales agents** on page MISC-3.

**14.** Payments to section 530 (of the Revenue Act of 1978) workers.

**15.** Fish purchases for cash. See **Fish purchases** on page MISC-1.

**Example.** Ronald Barr is a building contractor. He subcontracts the drywall work to Daniel Joseph, a sole proprietor who does business as ABC Drywall. During the year, Mr. Barr pays Mr. Joseph \$5,500. Mr. Barr must file Form 1099-MISC because he paid Mr. Joseph \$600 or more in the course of his trade or business, and Mr. Joseph is not a corporation. Form 1099-MISC is completed as shown above.

**Golden parachute payments.** A typical golden parachute payment is one made by a corporation to a certain officer, shareholder, or highly paid 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. See section 280G for more information.

In box 7, enter the total compensation, including any golden parachute payments. If you pay an excess golden parachute payment (under section 280G) to a nonemployee, see **Box 13** below.

**Box 8.** Enter aggregate payments of at least \$10 received by a broker for a customer in lieu of **dividends or tax-exempt interest** as a result of the transfer of a customer's securities for use in a short sale. File Form 1099-MISC with the IRS and furnish a copy to the customer for whom you received the payment. However, for substitute payments in lieu of dividends, do not file Form 1099-MISC or furnish it to your customer if your customer is an **individual**, unless you have reason to know on the record date of the dividend payment that such substitute dividend payment is in lieu of (1) an exempt-interest dividend, (2) a capital gain dividend, (3) a return of capital, or (4) a dividend subject to a foreign tax credit. If you are not required

to make a report on Form 1099-MISC for substitute dividends of at least \$10, you must report the substitute dividends on **Form 1099-DIV**, Dividends and Distributions. File Form 1099-MISC and furnish a copy to an individual for whom you received a payment in lieu of tax-exempt interest.

**Substitute payment** means a payment in lieu of (1) tax-exempt interest to the extent that interest (including OID) has accrued while the short sale was open and (2) a dividend if the ex-dividend date is after the transfer of stock for use in a short sale and before the closing of the short sale.

For more information about reporting substitute payments, see Regulations section 1.6045-2.

**Box 9.** Enter an "X" in the checkbox for sales by you of \$5,000 or more of **consumer products** to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Do not enter a dollar amount in this box.

If you are reporting an amount in box 7, you may also check box 9 on the same Form 1099-MISC.

The report you must give to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, awards, etc.

**Box 10.** Enter **crop insurance proceeds** of \$600 or more paid to farmers by insurance companies, unless the farmer has informed the insurance company that expenses have been capitalized under section 278, 263A, or 447.

**Boxes 11 and 12.** These boxes, and Copies 1 and 2, are provided for your convenience only and need not be completed for the IRS. If you withhold state income tax, you may enter it in box 11. In box 12, enter the abbreviated name of the state and the payer's state identification number, assigned by the state. Use Copy 1 to provide information to the state, and use Copy 2 as the recipient's copy for use in filing the state income tax return.

**Box 13.** Report **gross proceeds paid to an attorney** in connection with legal services (regardless of whether the services are performed for the payer). See **Payments to attorneys** on page MISC-1. After the amount of the payment, enter the letter "A." Use the following format: 3000000.00A.

Also enter in box 13 any excess golden parachute payments. See **Golden parachute payments** above. After the amount, enter the letters "EPP." Use the following format: 50000.00EPP.

If you are **not** reporting gross proceeds paid to attorneys or excess golden parachute payments, you may use box 13 to provide any other information to the recipient.





# Instructions for Forms 1099-MSA and 5498-MSA

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1099-MSA and 5498-MSA and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-MSA

File **Form 1099-MSA**, Distributions From an MSA or Medicare+Choice MSA, to report distributions made from a medical savings account (MSA) or Medicare+Choice MSA (M+C MSA). The distribution may have been paid directly to a medical service provider or to the account holder.

### Transfers

Do not report a trustee-to-trustee transfer from one MSA to another MSA or from one M+C MSA to another M+C MSA.

### Death of Account Holder

If the account holder dies and the beneficiary is the spouse (1) an MSA becomes the spouse's MSA, (2) the spouse may continue an M+C MSA, but no new contributions may be made to the account, and (3) distributions from an MSA or M+C MSA are taxed under the rules that apply to MSAs that are not M+C MSAs. If the beneficiary is not the spouse or there is no named beneficiary, the account ceases to be an MSA or M+C MSA.

**Distribution in year of death.** If you learn of the account holder's death and make a final distribution to the beneficiary in the **year of death**, issue a final Form 1099-MSA reporting the gross distribution in box 1. Enter code 4 in box 3, and report the fair market value (FMV) of the account on the date of death in box 4. If the beneficiary is the estate, enter the name and taxpayer identification number (TIN) of the estate as the recipient's name and TIN on the form.

**Distribution after year of death.** If you learn of the death of the account holder and make a final distribution **after the year of death**, issue a final Form 1099-MSA in the year you learned of the death of the account holder. Report the gross distribution in box 1. In box 3 enter one of the following codes: **1**—if the beneficiary is the spouse, **4**—if the beneficiary is the estate, or **6**—if the beneficiary is not the spouse or estate. Report the FMV of the account on the date of death in box 4.

## Statements to Recipients

If you are required to file Form 1099-MSA, you must provide a statement to the recipient. For more information about the requirement to furnish a Form 1099-MSA or acceptable substitute statement to recipients, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Box 1

Enter the **total amount of the distribution**. Include any earnings separately reported in box 2. You are not required to determine the taxable amount of a distribution.

### Box 2

Enter the total **earnings distributed with any excess MSA contributions** returned by the due date of the account holder's tax return. Include this amount in box 1. Report earnings on other distributions only in box 1. **Do not** report excess M+C MSA contributions returned to the Secretary of Health and Human Services or his or her representative.

### Box 3

Enter the appropriate distribution code from the list below that shows the type of distribution.

### Codes

**1—Normal distribution.** Use this code for normal distributions to the account holder and any direct payments to a medical service provider. Use this code if no other code applies. Also, see **Distribution after year of death** above.

**2—Excess contributions.** Use this code for distributions of excess MSA contributions. **Do not** use this code for excess M+C MSA contributions returned to the Secretary of Health and Human Services or his or her representative.

**3—Disability.** Use this code if you made distributions after the account holder was disabled (see section 72(m)(7)).

**4—Death distribution other than code 6.** Use this code for payments to a decedent's beneficiary, including an estate, in the year of death. Also use this code for payments to an estate after the year of death. Do not use with code 6. See **Death of Account Holder** above.

**5—Prohibited transaction.**

**6—Death distribution after year of death to a nonspouse beneficiary.** Use this code for payments to a decedent's nonspouse beneficiary, other than an estate, after the year of death. Do not use with code 4.

### Box 4

If the account holder died, enter the **FMV** of the account on the date of death. See **Death of Account Holder** above.

### Box 5

Mark the box if this distribution was from an M+C MSA.

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## Specific Instructions for Form 5498-MSA

File **Form 5498-MSA**, MSA or Medicare+Choice MSA Information, with the IRS on or before May 31, 2001, for each person for whom you maintained a medical savings account (MSA) or Medicare+Choice MSA (M+C MSA) during 2000. You are required to file if you are the trustee or custodian of an MSA or M+C MSA.

For MSA contributions made between January 1 and April 16, 2001, you should obtain the participant's designation of the year for which the contributions are made.

### Rollovers

You must report the receipt of a rollover from one MSA to another MSA in box 4.

### Transfers

Do not report a trustee-to-trustee transfer from one MSA to another MSA or from one M+C MSA to another M+C MSA. For reporting purposes, contributions and rollovers do not include these transfers.

### Total Distribution, No Contributions

Generally, if a total distribution was made from an MSA during the year and no contributions were made for that year, you need not file Form 5498-MSA nor furnish a statement to the participant to reflect that the fair market value (FMV) on December 31 was zero.

### Distributions

Report distributions from MSAs, including a distribution of excess contributions, or distributions from M+C MSAs on **Form 1099-MSA**, Distributions From an MSA or Medicare+Choice MSA.

### Inherited MSAs

If the account holder dies and the beneficiary is the spouse (1) an MSA becomes the spouse's MSA, (2) the spouse may continue an M+C MSA, but no new contributions may be made to the account, and (3) distributions from an MSA or M+C MSA

are taxed under the rules that apply to MSAs that are not M+C MSAs. If the beneficiary is not the spouse or there is no named beneficiary, the account ceases to be an MSA or M+C MSA. In the year an MSA or M+C MSA owner dies, generally you must file a Form 5498-MSA and furnish a statement for the decedent.

### Statements to Participants

If you are required to file Form 5498-MSA, you must provide a statement to the participant (generally Copy B) by May 31, 2001. You may, but you are not required to, provide participants with a statement of the December 31, 2000, value of the participant's account by January 31, 2001. For more information about statements to participants, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

#### Box 1

Enter the **employee's or self-employed person's regular contributions** to the MSA made in 2000 and through April 16, 2001, for 2000. Report gross contributions, including any excess contributions, even if the excess contributions were withdrawn.

#### Box 2

Enter the **total MSA contributions** made in **2000** (employer, employee, or self-employed person). Include any contribution made in 2000 for 1999. You may, but you are not required to, report the total M+C MSA contributions the Secretary of Health and Human Services or his or her representative made in 2000.

#### Box 3

Enter the **total MSA contributions** made in **2001 for 2000** (employer, employee, or self-employed person).

#### Box 4

Enter **rollover contributions** to the MSA received by you during 2000.

#### Box 5

Enter the **FMV** of the MSA or M+C MSA on December 31.

#### Box 6

Mark this box if this is an M+C MSA.

# Instructions for Form 1099-PATR

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-PATR and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-PATR

File **Form 1099-PATR**, Taxable Distributions Received From Cooperatives, for each person to whom the cooperative has paid at least \$10 in patronage dividends and other distributions described in section 6044(b) or from whom you withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment. A cooperative determined to be primarily engaged in the retail sale of goods or services that are generally for personal, living, or family use of the members may ask for and receive exemption from filing Form 1099-PATR. See **Form 3491**, Consumer Cooperative Exemption Application, for information about how to apply for this exemption.

Report dividends paid on a cooperative's capital stock on **Form 1099-DIV**, Dividends and Distributions.

## Statements to Recipients

If you are required to file Form 1099-PATR, you must provide a statement to the recipient. For more information about the requirement to furnish an official form or acceptable substitute statement to recipients in person or by statement mailing, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

## 2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account.

## Box 1

Enter the total patronage dividends paid in cash (qualified or "consent" checks), qualified written notices of allocation (face

amount), and other property (except nonqualified written notices of allocation).

## Box 2

Enter the total nonpatronage distributions paid in cash (qualified or "consent" checks), qualified written notices of allocation (face amount), and other property. Do not include nonqualified written notices of allocation. This box applies only to farmers' cooperatives exempt from tax under section 521.

## Box 3

Enter the total per-unit retain allocations paid in cash, qualified per-unit retain certificates (face amount), and other property.

## Box 4

Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding at a 31% rate on payments required to be reported in boxes 1, 2, 3, and 5 to the extent such payments are in cash or qualified check. See Regulations section 31.3406(b)(2)-5 for more information on backup withholding by cooperatives.

## Box 5

Enter all redemptions of nonqualified written notices of allocation issued as patronage dividends or nonqualified written notices of allocation issued as nonpatronage allocations (applicable only to farmers' cooperatives qualifying under section 521). Also enter nonqualified per-unit retain certificates issued with respect to marketing.

## Pass-through Credits

Report in the appropriate boxes the patron's share of unused credits that the cooperative is passing through to this patron:

## Box 6

See the **TIP** below.

## Box 7

Investment credit.

## Box 8

Work opportunity credit.

## Box 9

Patron's alternative minimum tax (AMT) adjustment. Enter the total AMT patronage dividend adjustment for the patron.



*If you are passing through other credits, such as the Indian employment credit, the empowerment zone employment credit, or the welfare-to-work credit, use box 6 or the blank box under boxes 8 and 9. Label the credit.*



# Instructions for Forms 1099-R and 5498

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1099-R and 5498 and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

**5-year tax option repealed.** For tax years after 1999, recent legislation repealed the 5-year tax option for lump-sum distributions. Therefore, "5-or" was deleted from Code A under **Box 7** of Form 1099-R. The 10-year tax option is still available for participants (or beneficiaries of participants) born before 1936.

**Levies not subject to section 72(t).** Recent legislation excludes a distribution from a qualified plan due to an IRS levy under section 6331 from the early distribution penalty under section 72(t). Therefore, use Code 2, if appropriate, in box 7 on Form 1099-R for such a distribution.

**IRA recharacterizations and Roth reconversions alternative reporting methods extended.** For 2000, you may continue to report IRA recharacterizations and Roth reconversions with the same trustee on Forms 1099-R and 5498 using a reasonable alternative method. Announcement 99-5, 1999-3 I.R.B. 16, is extended. See Announcement 99-106, 1999-45 I.R.B. 561, dated November 8, 1999. Also see the **TIP** on page R-3.

## Specific Instructions for Form 1099-R

File **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., for each person to whom you have made a designated distribution of \$10 or more from profit-sharing or retirement plans, any IRAs, annuities, pensions, insurance contracts, survivor income benefit plans, permanent and total disability payments under life insurance contracts, charitable gift annuities, etc.

Also report on Form 1099-R death benefit payments made by employers that are **not** made as part of a pension, profit-sharing, or retirement plan. (See the instructions for box 1 on page R-5.)

Reportable disability payments made from a retirement plan must be reported on Form 1099-R.

Generally, **do not** report payments subject to withholding of social security and Medicare taxes on this form. Report such payments on **Form W-2**, Wage and Tax Statement.

**Do not** report amounts totally exempt from tax, such as workers' compensation and Department of Veterans Affairs (VA) payments. However, if part of the distribution is taxable and part is nontaxable, file a Form 1099-R reporting the entire distribution.

**Military retirement pay.** Report payments to military retirees on Form 1099-R. Report military retirement pay awarded as a property settlement to a former spouse on Form 1099-R under

the name and taxpayer identification number of the recipient, not those of the military retiree.

Also report payments of survivor benefit annuities on Form 1099-R.

**Nonqualified plans.** Report any reportable distributions from commercial annuities on Form 1099-R. Report distributions to **plan participants** from nonqualified deferred compensation plans, including section 457 plans, on Form W-2, not on Form 1099-R. However, report distributions to **beneficiaries** of deceased employees on Form 1099-R. Report distributions to beneficiaries in boxes 1 and 2a and use Code 4 in box 7.

**Charitable gift annuities.** If cash or capital gain property is donated in exchange for a charitable gift annuity, report distributions from the annuity on Form 1099-R. Report in box 1 the total amount distributed during the year. Report in box 2a the taxable amount. If any amount is taxable as a capital gain, report it in box 3. Please advise the annuity recipient of any amount in box 3 subject to the 28% rate gain, such as for collectibles, and any unrecaptured section 1250 gain. Report in box 5 any nontaxable amount. Enter Code F in box 7. See Regulations section 1.1011-2(c), Example 8.

**Life insurance, annuity, and endowment contracts.** Report on Form 1099-R payments of matured or redeemed annuity, endowment, and life insurance contracts. However, you need not file Form 1099-R to report the surrender of a life insurance contract if it is reasonable to believe that none of the payment is includible in the income of the recipient. If you are reporting the surrender of a life insurance contract on Form 1099-R, enter Code 7 in box 7.

Also report premiums paid by a trustee or custodian for current life or other insurance protection (PS 58 costs). PS 58 costs are not subject to the 10% early distribution tax under section 72(t). Enter Code 9 in box 7.

Also see the **Instructions for Form 1099-LTC** for information on reporting accelerated death benefits.

**Section 1035 exchange.** A tax-free section 1035 exchange is the exchange of (1) a life insurance contract for another life insurance, endowment, or annuity contract, (2) an endowment contract for an annuity contract or for another endowment contract that provides for regular payments to begin no later than they would have begun under the old contract, and (3) an annuity contract for another annuity contract. However, the distribution of other property or the cancellation of a contract loan at the time of the exchange may be taxable and reportable on a separate Form 1099-R.

These exchanges of contracts are generally reportable on Form 1099-R. However, if (1) the exchange occurs within the same company, (2) the exchange is solely a contract for contract exchange, as defined above, that does not result in a designated distribution, and (3) the company maintains adequate records of the policyholder's basis in the contracts, reporting on Form 1099-R is not required. For example, a life insurance contract issued by Company X received in exchange solely for another life insurance contract previously issued by Company X does not have to be reported on Form 1099-R as long as the company maintains the required records. (See Rev. Proc. 92-26, 1992-1 C.B. 744.)

For those section 1035 exchanges that are reportable on Form 1099-R, enter the total value of the contract in box 1, 0 (zero) in box 2a, the total premiums paid in box 5, and Code 6 in box 7.

**IRA distributions.** Distributions from any individual retirement arrangement (IRA), except a Roth IRA or education IRA (Ed IRA), must be reported in boxes 1 and 2a regardless of the amount. You may mark the "Taxable amount not determined" box in box 2b. But see the instructions for box 2a on page R-5 for how to report the withdrawal of IRA contributions under section 408(d)(4). Also see **Transfers** on page R-3 for information on trustee-to-trustee transfers, including recharacterizations. The direct rollover provisions (see page R-2) do not apply to distributions from any IRA.

An IRA includes all investments under one IRA plan or account. File only one Form 1099-R for distributions from all investments under one plan that are paid in one year to one recipient, unless you must enter different codes in box 7. You do not have to file a separate Form 1099-R for each distribution under the plan.

**Roth and Ed IRAs.** For distributions from a Roth IRA or an Ed IRA, report the gross distribution in box 1 but generally **leave box 2a blank**. Mark the "Taxable amount not determined" box in box 2b. Enter Code J or M as appropriate in box 7. You may also enter Code 1, 2, 3, 4, 5, 8, or P with Code J and 3, 4, 8, or P with Code M. It is not necessary to mark the IRA/SEP/SIMPLE checkbox. For the withdrawal of excess contributions, see **Box 2a** on page R-5.

**Roth conversions.** You must report an IRA that is converted or reconverted this year to a Roth IRA in boxes 1 and 2a, even if the conversion is a trustee-to-trustee transfer or is with the same trustee. Enter Code 2 or 7 in box 7 as appropriate.

**TIP** *Even though 1998 conversions are taxable over 4 years (unless the participant elects otherwise), you only had to report the full amount converted on the 1998 Form 1099-R. You do not have to issue Form 1099-R for any future year to report the 1998 conversion.*

**Conduit IRAs.** If you know the distribution is from a conduit IRA, follow these rules. If a distribution from a conduit IRA is paid to the participant, report the full amount in boxes 1 and 2a, and use Code 1 or 7 in box 7 depending on the participant's age. If a distribution from a conduit IRA is paid to the trustee of or is transferred to an employer plan, report the distribution in box 1, 0 (zero) in box 2a, and use Code H in box 7.

**IRA revocation.** If a traditional IRA is revoked during its first 7 days (under Regulations section 1.408-6(d)(4)(ii)), the distribution from the IRA must be reported. In addition, **Form 5498**, IRA Contribution Information, must be filed to report any regular or rollover contribution to the IRA that is revoked.

If a **regular** contribution is made to a traditional IRA that later is revoked, and distribution is made to the taxpayer, enter the gross distribution in box 1 of Form 1099-R. If no earnings are distributed, enter 0 (zero) in box 2a and Code 8 in box 7. If earnings are distributed, enter the amount of earnings in box 2a. Such earnings could be subject to the early distribution tax under section 72(t). If they are subject to that tax, enter Code 1 in box 7; if the earnings are not subject to that tax, enter Code 8.

**TIP** *If you know that the taxpayer deducted the contribution, report the total amount distributed in box 2a and use the appropriate code in box 7.*

If a **rollover** contribution is made to an IRA that later is revoked, and distribution is made to the taxpayer, enter in boxes 1 and 2a of Form 1099-R the gross distribution and the appropriate code in box 7. Follow this same procedure for a transfer from one IRA to another IRA that later is revoked. The distribution could be subject to the early distribution tax under section 72(t).

If an employer SEP (simplified employee pension) or SIMPLE (savings incentive match plan for employees) contribution is made and the SEP or SIMPLE is revoked by the employee, report the distribution as fully taxable.

For more information, see Rev. Proc. 91-70, 1991-2 C.B. 899.

**DECs.** If you are reporting a total distribution from a plan that includes a distribution of deductible voluntary employee contributions (DECs), file two Forms 1099-R—one to report the distribution of DECs, the other to report the distribution from the other part of the plan. Report the distribution of DECs in boxes 1 and 2a on the separate Form 1099-R. However, for the direct rollover (explained below) of funds that include DECs, file only one Form 1099-R to report the direct rollover of the entire amount.

**Direct rollovers.** You must report a direct rollover of an eligible rollover distribution. A direct rollover is the direct payment of the distribution from a qualified plan or tax-sheltered annuity to a traditional IRA or other eligible retirement plan. A direct rollover may be made for the employee, for the employee's surviving spouse, or for the spouse or former spouse who is an alternate payee under a qualified domestic relations order (QDRO). However, a direct rollover for a surviving spouse may be made only to a traditional IRA.

An **eligible rollover distribution** is the taxable part of any distribution of the balance to the credit of the employee (including net unrealized appreciation) from a qualified plan (or tax-sheltered annuity but not from an IRA) except:

1. One of a series of substantially equal periodic payments made (at least annually) for:
  - a. The life of the employee (or the joint lives of the employee and the employee's designated beneficiary);
  - b. The life expectancy of the employee (or the joint life and last survivor expectancy of the employee and the employee's designated beneficiary); or
  - c. A specified period of 10 years or more.
2. A required minimum distribution (under section 401(a)(9)). A plan administrator is permitted to assume there is no designated beneficiary for purposes of determining the minimum distribution.
3. Nontaxable amounts, including a return of the employee's investment in the contract (after-tax contributions).
4. Elective deferrals (under section 402(g)(3)) and earnings returned because of the section 415 limits.
5. Corrective distributions of excess deferrals (under section 402(g)) and earnings.
6. Corrective distributions of excess contributions under a qualified cash or deferred arrangement (under section 401(k)) and excess aggregate contributions (under section 401(m)) and earnings.
7. Loans treated as deemed distributions (under section 72(p)). (But plan loan offset amounts can be eligible rollover distributions. See Regulations section 1.402(c)-2, Q/A-9.)
8. Section 404(k) dividends.
9. PS 58 costs.
10. Distributions to a payee other than the employee, the employee's surviving spouse, or a spouse or former spouse who is an alternate payee under a QDRO.
11. Hardship distributions described in section 401(k)(2)(B)(i)(IV). See Notice 99-5, 1999-3 I.R.B. 10.

Amounts paid under an annuity contract purchased for and distributed to a participant under a qualified plan can qualify as eligible rollover distributions. (See Regulations section 1.402(c)-2, Q/A-10.)

Any part of an eligible rollover distribution that is not a direct rollover is subject to 20% income tax withholding. See **Box 4** on page R-6.

**Reporting a direct rollover.** Report a direct rollover in box 1 and 0 (zero) in box 2a. You do not have to report capital gain in box 3 or net unrealized appreciation in box 6. Enter the applicable Code G or H in box 7. Prepare the form using the name and social security number of the person for whose benefit the funds were rolled over (generally the participant), not those of the trustee of the IRA or other plan to which the funds were rolled.

If you receive a direct rollover to an IRA, you must prepare Form 5498. If you receive a direct rollover to a qualified plan or tax-sheltered annuity, no report is required.

If part of the distribution is a direct rollover and part is distributed to the recipient, prepare two Forms 1099-R.

For more information on eligible rollover distributions, including substantially equal periodic payments, required minimum distributions, and plan loan offset amounts, see Regulations sections 1.402(c)-2 and 1.403(b)-2.

**Explanation to recipients before eligible rollover distributions (section 402(f) notice).** For qualified plans, no more than 90 days and no fewer than 30 days before making an eligible rollover distribution (or before the annuity starting date), the plan administrator must provide a written explanation to each recipient (section 402(f) notice). However, if the recipient who has received the section 402(f) notice affirmatively elects a distribution, you will not fail to satisfy the timing requirements merely because you make the distribution fewer than 30 days after you provided the notice as long as you meet the requirements of Regulations section 1.402(f)-1, Q/A-2. You may provide the 402(f) notice more than 90 days before a distribution if you also provide a summary of the notice during the 90-day/30-day period before the distribution.

The notice must explain the rollover rules, the special tax treatment for lump-sum distributions, the direct rollover option (and any default procedures), and the mandatory 20% withholding rules. The notice and summary are permitted either on a written paper document or through an electronic medium reasonably accessible to the recipient; see the regulations under section 402(f).

For periodic payments that are eligible rollover distributions, you must provide the notice before the first payment and at least once a year as long as the payments continue. Notice 92-48, 1992-2 C.B. 377, contains a model notice the plan administrator can use to satisfy the notice requirement. For tax-sheltered annuities, the payer must provide an explanation of the direct rollover option within the time period described above or some other reasonable period of time.

**Transfers.** Generally, do not report transfers between trustees or issuers (unless they are direct rollovers from qualified plans) that involve no payment or distribution of funds to the participant including a trustee-to-trustee transfer from one IRA to another (unless they are recharacterized IRA contributions or Roth conversions) or from one tax-sheltered (section 403(b)) arrangement to another.

**IRA recharacterizations.** You must report each recharacterization of an IRA contribution. If a participant makes a contribution to an IRA (first IRA) for a year, the participant may choose to recharacterize the contribution by transferring, in a trustee-to-trustee transfer, any part of the contribution (plus earnings) to another IRA (second IRA). The contribution is treated as made to the second IRA (recharacterization). A recharacterization may be made with the same trustee or with another trustee. The trustee of the first IRA must report the recharacterization as a distribution on Form 1099-R (and the contribution to the first IRA and its character on Form 5498).

Enter the fair market value (FMV) of the amount recharacterized in box 1, 0 (zero) in box 2a, and Code R in box 7. It is not necessary to mark the IRA/SEP/SIMPLE checkbox. For more information, see Notice 98-49, 1998-2 C.B. 365.

**Roth conversions.** A Roth conversion is not considered a trustee-to-trustee transfer. You must report a Roth conversion or reconversion as a distribution. Therefore, for an IRA that is converted to a Roth IRA, even with the same trustee, you must report the amount converted in boxes 1 and 2a. Use Code 2 or 7 in box 7 as appropriate.



*For IRA recharacterizations and Roth reconversions in 2000 with the same trustee, you may report the results of the recharacterizations and reconversions on Forms 1099-R and 5498 using a reasonable alternative method. However, if you use an alternative method to report, in addition to Forms 1099-R and 5498, you must provide instructions to the IRA owner, in conjunction with account statements or other*

*information, about how to use the information shown on the forms to properly report the recharacterizations and reconversions on Form 1040. The instructions must include how to use the information to properly complete Form 8606, Nondeductible IRAs, and Form 5329, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs. If trustees use different employer identification numbers to file Forms 1099-R and 5498, they are not the same trustee. See Announcement 99-5, 1999-3 I.R.B. 16, for more information.*

**SIMPLE IRAs.** Do not report a trustee-to-trustee transfer from one SIMPLE to another SIMPLE. However, you must report as a taxable distribution in boxes 1 and 2a, a trustee-to-trustee transfer from a SIMPLE IRA to an IRA that is not a SIMPLE IRA during the 2-year period beginning on the day contributions are first deposited in the individual's SIMPLE by the employer. Use Code S in box 7 if appropriate.

**Section 1035 exchange.** You may have to report exchanges of insurance contracts, including an exchange under section 1035, under which any designated distribution may be made. For a section 1035 exchange that is in part taxable, file a separate Form 1099-R to report the taxable amount. See **Section 1035 exchange** on page R-1.

**Transfer of IRA to spouse.** If you transfer an interest in an IRA from one spouse to another spouse under a divorce or separation instrument, the transfer is tax free. **Do not** report such a transfer on Form 1099-R.

**Corrective distributions.** You must report on Form 1099-R corrective distributions of excess deferrals, excess contributions and excess aggregate contributions under section 401(a) plans, section 401(k) cash or deferred arrangements, section 403(a) annuity plans, section 403(b) salary reduction agreements, and salary reduction simplified employee pensions (SARSEPs under section 408(k)(6)). Corrective distributions of an excess plus earnings are reportable on Form 1099-R for the year of the distribution regardless of when the distribution is taxable to the participant. Enter Code 8, P, or in some cases, D in box 7 to designate the distribution and the year it is taxable.

If the excess and the earnings are taxable in two different years, you must issue two Forms 1099-R to designate the year each is taxable.

You must advise the plan participant at the time of the distribution of the year or years in which the distribution is taxable and that it may be necessary to file an amended return for a prior tax year.

For more information about reporting corrective distributions, see below; **Codes 8, P, and D** on page R-8; Notice 89-32, 1989-1 C.B. 671; Notice 88-33, 1988-1 C.B. 513; Notice 87-77, 1987-2 C.B. 385; Rev. Proc. 91-44, 1991-2 C.B. 733 (SARSEPs); and the regulations under sections 401(k) and 401(m).

**Excess deferrals.** Excess deferrals under section 402(g) can occur in 401(k) plans, 403(b) plans, or SARSEPs. If distributed by April 15 of the year following the year of deferral, the excess is taxable to the participant in the year of deferral, but the earnings are taxable in the year distributed. Except for a SARSEP, if the distribution occurs after April 15, the excess is taxable in the year of deferral **and** the year distributed. The earnings are taxable in the year distributed. For a SARSEP, excess deferrals not withdrawn by April 15 are considered regular IRA contributions subject to the IRA contribution limits. Corrective distributions of excess deferrals are not subject to Federal income tax withholding or social security and Medicare taxes. For losses on excess deferrals, see **Losses** on page R-4.

**Excess contributions.** Excess contributions can occur in a 401(k) plan or a SARSEP. For a 401(k) plan, if the withdrawal of the excess plus earnings occurs within 2½ months after the close of the plan year, the excess and earnings are taxable to the participant in the year deferred. But if the corrective distribution is made after the 2½-month period, or the excess contribution (not including earnings) (and excess aggregate contributions (not including earnings) in the case of a 401(k) plan) is less than \$100 (de minimis rule), the excess and earnings are taxable in the year distributed. For recharacterized

excess contributions, the excess is taxable in the year a corrective distribution would have occurred. (No earnings are allocated to recharacterized amounts.) For a SARSEP, the **employer** must notify the participant by March 15 of the year after the year the excess contribution was made that the participant must withdraw the excess and earnings. The excess contribution is taxable to the participant in the year of deferral and the earnings are taxable in the year withdrawn. If the excess contribution (not including earnings) is less than \$100, the excess is taxable in the year of notification and the earnings are taxable in the year withdrawn. An excess contribution not withdrawn by April 15 of the year after the year of notification is considered a regular IRA contribution subject to the IRA contribution limits.

Excess contributions distributed within the 2½-month period are **not** subject to Federal income tax withholding or social security and Medicare taxes. But amounts distributed from a 401(k) plan after the 2½-month period are subject to Federal income tax withholding under section 3405.

**Excess aggregate contributions.** Excess aggregate contributions under section 401(m) can occur in 401(a), 401(k), 403(a), and 403(b) plans. A corrective distribution of excess aggregate contributions plus earnings within 2½ months after the close of the plan year is taxable to the participant in the year the contributions were made. A corrective distribution made after the 2½-month period is taxable in the year distributed. Report the gross distribution in box 1 of Form 1099-R. In box 2a, enter the excess and earnings distributed less any after-tax contributions. If the total excess contributions and excess aggregate contributions distributed are less than \$100 (excluding earnings), the distribution is taxable in the year of distribution.

A distribution made within 2½ months after the close of the plan year is **not** subject to Federal income tax withholding or social security and Medicare taxes. But amounts distributed after 2½ months are subject to Federal income tax withholding under section 3405.

**Losses.** If a corrective distribution of an excess deferral is made in a year after the year of deferral and a net loss has been allocated to the excess deferral, report the corrective distribution amount in boxes 1 and 2a of Form 1099-R for the year of the distribution with the appropriate distribution code in box 7. However, taxpayers must include the total amount of the excess deferral (unadjusted for loss) in income in the year of deferral, and they may report a loss on the tax return for the year the corrective distribution is made. Therefore, if there are no employer securities distributed, show the actual cash and/or fair market value (FMV) of property distributed in boxes 1 and 2a, and make no entry in box 5. If only employer securities are distributed, show the FMV of the securities in boxes 1 and 2a and make no entry in box 5 or 6. If both employer securities and other property are distributed, show the actual cash and/or FMV of the property distributed in box 1, the gross less any net unrealized appreciation (NUA) on employer securities in box 2a, no entry in box 5, and any NUA in box 6.

**Excess annual additions under section 415.** You must report on Form 1099-R distributions made under Regulations section 1.415-6(b)(6)(iv) of elective deferrals or a return of employee contributions (and gains attributable to such employee contributions) to reduce excess annual additions arising from the allocation of forfeitures, a reasonable error in estimating a participant's compensation, or a reasonable error in determining the amount of elective deferrals that may be made for an individual under the limits of section 415.

Such distributions are not eligible rollover distributions although they are subject to income tax withholding under section 3405. They are not subject to social security, Medicare, or Federal Unemployment Tax Act (FUTA) taxes. In addition, such distributions are not subject to the early distribution tax under section 72(t).

You may report the distribution of elective deferrals and employee contributions (and gains attributable to such elective deferrals and employee contributions) on the same Form 1099-R. However, if you made other distributions during the year, report them on a separate Form 1099-R. Because the

distribution of elective deferrals is fully taxable (no part of the distribution is a return of the investment in the contract), report the total amount of the distribution in boxes 1 and 2a. Leave box 5 blank, and enter Code E in box 7. For a return of employee contributions plus gains, enter the gross distribution in box 1, the gains attributable to the employee contributions being returned in box 2a, and the employee contributions being returned in box 5. Enter Code E in box 7.

For more information, see Rev. Proc. 92-93, 1992-2 C.B. 505. **Failing the ADP or ACP test after a total distribution.** If you make a total distribution in 2000 and file a Form 1099-R with the IRS and then discover in 2001 that the plan **failed** either the section 401(k)(3) ADP (actual deferral percentage) test for 2000 and you compute excess contributions **or** the section 401(m)(2) ACP (actual contribution percentage) test and you compute excess aggregate contributions, you must recharacterize part of the total distribution as excess contributions or excess aggregate contributions. First, file a CORRECTED Form 1099-R for 2000 for the correct amount of the total distribution (not including the amount recharacterized as excess contributions or excess aggregate contributions). Second, file a NEW Form 1099-R for 2000 for the excess contributions or excess aggregate contributions and allocable earnings.

To avoid a late filing penalty if the new Form 1099-R is filed after the due date, enter in the bottom margin of **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, the words "Filed To Correct Excess Contributions."

You must also issue copies of the Forms 1099-R to the plan participant with an explanation of why these new forms are being issued.

**Loans treated as distributions.** The following rules are based on Proposed Regulations section 1.72(p)-1 published in the Federal Register on December 21, 1995, and January 2, 1998. You may rely on those regulations until further guidance is issued. Also see section 72(p) and 72(e)(4)(A).

A loan from a qualified plan under sections 401 and 403(a) and (b), and a plan maintained by the United States, a state or political subdivision, or any of its subsidiary agencies made to a participant or beneficiary is **not** treated as a distribution from the plan if the loan satisfies the following requirements:

1. The loan is evidenced by an enforceable written agreement,
2. The agreement specifies that the loan must be repaid within 5 years, except for a principal residence,
3. The loan must be repaid in substantially level installments (at least quarterly), and
4. The loan amount does not exceed the limits in section 72(p)(2)(A) (maximum limit \$50,000, but lower limits may apply).

Certain exceptions, grace periods, and suspension of the repayment schedule may apply.

The loan agreement must specify the amount of the loan, the term of the loan, and the repayment schedule. The agreement may include more than one document.

If a loan fails to satisfy **1**, **2**, or **3** above, the balance of the loan is a deemed distribution. The distribution may occur at the time the loan is made or later if the loan is not repaid in accordance with the repayment schedule.

If a loan fails to satisfy **4** above at the time the loan is made, the amount that exceeds the amount permitted to be loaned is a deemed distribution.

If a loan is treated as a deemed distribution, it is reportable on Form 1099-R using the normal taxation rules of section 72, including tax basis rules. The distribution also may be subject to the 10% penalty for early distributions under section 72(t). It is not eligible to be rolled over to an eligible retirement plan nor is it eligible for the 10-year tax option. On Form 1099-R, complete the appropriate boxes, including boxes 1 and 2a, and enter Code L in box 7. You also may enter another applicable code, such as Code 1 or 2, in box 7.

Interest that accrues after the deemed distribution of a loan is not an additional loan, and, therefore is not reportable on Form 1099-R.



If a participant's accrued benefit is reduced (offset) to repay a loan, the amount of the account balance that is offset against the loan is an actual distribution. Report it as you would any other actual distribution. Do not enter Code L in box 7.

Loans that are treated as deemed distributions or that are actual distributions are subject to Federal income tax withholding. If a distribution occurs after the loan is made, you must withhold only if you distributed cash or property (other than employer securities) at the time of the deemed or actual distribution.

**Subsequent distributions.** If a participant makes any cash repayments on a loan that was reported on Form 1099-R as a deemed distribution, the repayments increase the participant's tax basis in the plan as if the repayments were after-tax contributions. However, such repayments are not treated as after-tax contributions for purposes of section 401(m) or 415(c)(2)(B).

For a deemed distribution that was reported on Form 1099-R but was **not repaid**, the deemed distribution does **not** increase the participant's basis.

**Missing participants.** The IRS administers a letter-forwarding program that could help plan administrators contact missing retirement plan participants (or possibly their beneficiaries). To inform individuals of their rights to benefits under a retirement plan, the IRS will forward letters from plan administrators to the missing individuals if the administrators provide the names and social security numbers of the missing individuals. However, the IRS cannot disclose individuals' addresses or give confirmation of letter delivery. All undelivered letters will be destroyed.

For further information, see Rev. Proc. 94-22, 1994-1 C.B. 608, or contact the Disclosure Officer at your IRS district office.

**Corrected Form 1099-R.** If you filed a Form 1099-R with the IRS and later discover that there is an error on it, you must correct it as soon as possible. For example, if you transmit a direct rollover and file a Form 1099-R with the IRS reporting that none of the direct rollover is taxable by entering 0 (zero) in box 2a, and you then discover that part of the direct rollover consists of required minimum distributions under section 401(a)(9), you must file a corrected Form 1099-R. See part I in the General Instructions for Forms 1099, 1098, 5498, and W-2G.

**Filer.** The payer, trustee, or plan administrator must file Form 1099-R using the same name and employer identification number used to deposit any tax withheld and to file **Form 945**, Annual Return of Withheld Federal Income Tax.

**Beneficiaries.** If you make a distribution to a beneficiary or estate, prepare Form 1099-R using the name and taxpayer identification number (TIN) of the beneficiary or estate, not those of the decedent. If there are multiple beneficiaries, report on each Form 1099-R only the amount paid to the beneficiary whose name appears on the Form 1099-R, and enter the percentage in box 9a, if applicable.

**Alternate payee under QDRO.** Distributions to an alternate payee who is a spouse or former spouse of the employee under a qualified domestic relations order (QDRO) are reportable on Form 1099-R using the name and TIN of the alternate payee. However, see **Transfer of IRA to spouse** on page R-3.

**Nonresident aliens.** If income tax is withheld under section 3405 on a distribution to a nonresident alien, report the distribution and withholding on Form 1099-R. Also file Form 945 to report the withholding. If income tax is withheld under section 1441, report the distribution and withholding on **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and **Form 1042-S**, Foreign Person's U.S. Source Income Subject to Withholding.

**Statements to recipients.** If you are required to file Form 1099-R, you must furnish a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, see part H in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.



*Do not enter a negative amount in any box on Form 1099-R.*

## Box 1

Enter the **total amount of the distribution** before income tax or other deductions were withheld. Include direct rollovers, premiums paid by a trustee or custodian for current life or other insurance protection (PS 58 costs), and the gross amount of any IRA distribution, including a recharacterization and a Roth conversion. However, in the case of a distribution by a trust representing CDs redeemed early, report the net amount distributed. Also, see **Box 6** on page R-7.

Include in this box the value of U.S. Savings Bonds distributed from a plan. Enter the appropriate taxable amount in box 2a. Please furnish a statement to the plan participant showing the value of each bond at the time of distribution. This will provide him or her with the information necessary to figure the interest income on each bond when it is redeemed.

In addition to reporting death benefit payments made from a plan, report here any **death benefit payments** made by employers that are not made as part of a pension, profit-sharing, or retirement plan. Also enter this amount in box 2a. Enter Code 4 in box 7. For example, the board of directors of XYZ Corporation votes to pay the widow of one of its employees a lump sum "death benefit." Report this amount in boxes 1 and 2a, and show Code 4 in box 7.



*Do not report accelerated death benefits on Form 1099-R. Report them on **Form 1099-LTC**, Long-Term Care and Accelerated Death Benefits.*

For a section 1035 exchange, see **Section 1035 exchange** on page R-1.

**Employer securities and other property.** If you distribute employer securities or other property, include in box 1 the FMV of the securities or other property on the date of distribution. If there is a loss, see **Losses** on page R-6.

If you are distributing worthless property only, you are not required to file Form 1099-R. However, you may file and enter 0 (zero) in boxes 1 and 2a and any after-tax employee contributions in box 5.

## Box 2a

Generally, you must enter the taxable amount in box 2a. However, if you are unable to reasonably obtain the data needed to compute the **taxable amount**, leave this box blank. Do not include excludable or tax-deferred amounts reportable in boxes 5, 6, and 8.

For a direct rollover from a qualified plan or tax-sheltered annuity, for a distribution from a conduit IRA that is payable to the trustee of or is transferred to an employer plan, for an IRA recharacterization, or for a nontaxable section 1035 exchange of life insurance, annuity, or endowment contracts, enter 0 (zero) in box 2a.

**PS 58 costs and DECs.** Include PS 58 costs that were reported in box 1. However, do not report PS 58 costs and a distribution on the same Form 1099-R. Use a separate Form 1099-R for each. Enter Code 9 in box 7 for PS 58 costs. See Regulations section 1.72-16(b) and Rev. Ruls. 55-747, 1955-2 C.B. 228, and 66-110, 1966-1 C.B. 12, for information on the cost of premiums paid by an employees' trust under a qualified plan for current life insurance protection taxable to plan participants or their beneficiaries.

Also include DEC distributions in this box.

**Annuity starting date in 1998 or later.** If you made annuity payments from a qualified plan (under section 401(a), 403(a), or 403(b)) and the annuity starting date is in 1998 or later, you **must** use the simplified method (under section 72(d)) to figure the taxable amount. Under this method, the expected number of payments you use to figure the taxable amount depends on whether the payments are based on the life of one or more than one person. See Notice 98-2, 1998-1 C.B. 266, and **Pub. 575**,

Pension and Annuity Income, to help you figure the taxable amount to enter in box 2a.

**Annuity starting date after November 18, 1996, and before 1998.** Under the simplified method for figuring the taxable amount, the expected number of payments is based only on the primary annuitant's age on the annuity starting date. See Notice 98-2.

**Annuity starting date before November 19, 1996.** If you properly used the rules in effect before November 19, 1996, for annuities that started before that date, continue to report using those rules. No changes are necessary.

**IRA or SEP.** Generally, you are not required to compute the taxable amount of a traditional IRA or SEP nor designate whether any part of a distribution is a return of basis attributable to nondeductible contributions. Therefore, report the total amount distributed from a traditional IRA or SEP in box 2a. This will be the same amount reported in box 1. You may mark the "Taxable amount not determined" box in box 2b.

However, for a distribution by a trust representing CDs redeemed early, report the net amount distributed. Do not include any amount paid for IRA insurance protection in this box.

For a distribution of contributions plus earnings from an IRA under **section 408(d)(4)**, report the gross distribution in box 1, only the earnings in box 2a, and enter Code 8 or P, whichever is applicable, in box 7. You may also enter Code 1, 2, or 4, if applicable.

For a distribution of contributions without earnings after the due date of the individual's return, under **section 408(d)(5)**, enter 0 (zero). You might use Code 1 or 7 in box 7 depending on the age of the participant.

**SIMPLE.** Enter the total amount distributed from a SIMPLE in box 2a.

**Roth or Ed IRA.** For a distribution from a Roth or Ed IRA, report the total distribution in box 1 and leave box 2a blank. Use Code J or M, as appropriate in box 7. You may also use Code 1, 2, 3, 4, 5, 8, or P, if appropriate, in box 7 with Code J and Code 3, 4, 8, or P with Code M.

However, for the distribution of excess Roth contributions under section 408(d)(4) or of excess Ed IRA contributions under section 530(d)(4), report the gross distribution in box 1 and only the earnings in box 2a. Enter Code J or M and 8 or P in box 7.

**Roth conversion.** Report the total amount converted or reconverted from an IRA, SEP, or SIMPLE to a Roth IRA in boxes 1 and 2a. A conversion or reconversion is considered a distribution and must be reported even if it is with the same trustee and even if the conversion is done by a trustee-to-trustee transfer. For a Roth conversion, use Code 2 in box 7 if the participant is under age 59½ or Code 7 if the participant is at least age 59½. Do not use Code J. Also, mark the "IRA/SEP/SIMPLE" box in box 7.

**Losses.** If a distribution is a loss, do not enter a negative amount in this box. 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 box 1, leave box 2a blank, and enter the employee's contributions in box 5.

For a plan with no after-tax contributions, even though the value of the account may have decreased, there is no loss for reporting purposes. Therefore, if there are no employer securities distributed, show the actual cash and/or fair market value (FMV) of property distributed in boxes 1 and 2a, and make no entry in box 5. If only employer securities are distributed, show the FMV of the securities in boxes 1 and 2a and make no entry in box 5 or 6. If both employer securities and cash or other property are distributed, show the actual cash and/or FMV of the property (including employer securities) distributed in box 1, the gross less any net unrealized appreciation (NUA) on employer securities in box 2a, no entry in box 5, and any NUA in box 6.

**Box 2b—Taxable Amount not Determined**

Enter an "X" in this box only if you are unable to reasonably obtain the data needed to compute the taxable amount. If you mark this box, leave box 2a blank unless you are reporting a

**Example for Computing Amount Eligible for Capital Gain Election (See Box 3.)**

**Step I: Total Taxable Amount**

Total distribution . . . . .	XXXXX	
Less: 1. Current actuarial value of any annuity. . . . .	XXXXX	
2. Employee contributions (minus any amounts previously distributed that were not includible in the employee's gross income) . . . . .	XXXXX	
3. Net unrealized appreciation in the value of any employer securities that were a part of the lump-sum distribution . . . . .	XXXXX	XXXXX
Total taxable amount . . . . .	XXXXX	XXXXX

**Step II: Capital Gain**

Total taxable amount (from Step I)	×	Months of active participation before 1974	=	Capital gain
		Total months of active participation		

traditional IRA, SEP, or SIMPLE distribution. Except for IRAs, make every effort to compute the taxable amount.

**Box 2b—Total Distribution**

Enter an "X" in this box only if the payment shown in box 1 is a total distribution. A total distribution is one or more distributions within 1 tax year in which the entire balance of the account is distributed. If periodic or installment payments are made, mark this box in the year the final payment is made.

**Box 3**

For lump-sum distributions from qualified plans only, enter the amount in box 2a eligible for the **capital gain** election under section 1122(h)(3) of the Tax Reform Act of 1986, 1986-3 (Vol. 1) C.B. 1, 387, for participants born before 1936 (or their beneficiaries). Enter the full amount eligible for the capital gain election. You should not complete this box for a direct rollover.

To compute the months of an employee's active participation before 1974, count as 12 months any part of a calendar year in which an employee actively participated under the plan; for active participation after 1973, count as 1 month any part of a month in which the employee actively participated under the plan. See the **Example** below.

Active participation begins with the first month in which an employee became a participant under the plan and ends with the earliest of:

1. The month in which the employee received a lump-sum distribution under the plan;
2. For an employee, other than a self-employed person or owner-employee, the month in which the employee separates from service;
3. The month in which the employee dies; or
4. For a self-employed person or owner-employee, the first month in which the employee becomes disabled (within the meaning of section 72(m)(7)).

For a charitable gift annuity, see **Charitable gift annuities** on page R-1.

**Box 4**

Enter any **Federal income tax withheld**. This withholding under section 3405 is subject to deposit rules, and the withholding tax return is **Form 945**, Annual Return of Withheld Federal Income Tax. Backup withholding does not apply. See below and **Pub. 15-A**, Employer's Supplemental Tax Guide, and the **Instructions for Form 945** for more withholding information.

Even though you may be using Code 1 in box 7 to designate an early distribution subject to the 10% tax specified in sections 72(q), (t), or (v), you are not required to withhold that tax.

**TIP** *The amount withheld cannot be more than the sum of the cash and the fair market value (FMV) of property (excluding employer securities) received in the distribution. If a distribution consists solely of employer securities and cash (\$200 or less) in lieu of fractional shares, no withholding is required.*

To determine your withholding requirements for any designated distribution under section 3405, you must first determine whether the distribution is an eligible rollover distribution. (See **Direct rollovers** on page R-2 for a discussion of eligible rollover distributions.) If the distribution is not an eligible rollover distribution, the rules for periodic payments or nonperiodic distributions apply. For purposes of withholding, distributions from any IRA are not eligible rollover distributions.

**Eligible rollover distribution; 20% withholding.** If an eligible rollover distribution is paid directly to an eligible retirement plan in a direct rollover, do not withhold Federal income tax. If any part of an eligible rollover distribution is not a direct rollover, you must withhold 20% of the part that is paid to the recipient. The recipient cannot claim exemption from the 20% withholding but may ask to have additional amounts withheld on **Form W-4P**, Withholding Certificate for Pension or Annuity Payments. If the recipient is not asking that additional amounts be withheld, Form W-4P is not required for an eligible rollover distribution because 20% withholding is mandatory.

Employer securities and plan loan offset amounts that are part of an eligible rollover distribution must be included in the amount multiplied by 20%. However, the actual amount to be withheld cannot be more than the sum of the cash and the FMV of property (excluding employer securities and plan loan offset amounts). For example, if the only part of an eligible rollover distribution that is not a direct rollover is employer securities or a plan loan offset amount, no withholding is required. However, any cash that is paid in the distribution must be used to satisfy the withholding on the employer securities or plan loan offset amount.

The 20% withholding requirement applies to eligible rollover distributions from a qualified plan distributed annuity contract. For such a contract, the payer is required to withhold.

Any net unrealized appreciation excludable from gross income under section 402(e)(4) is not included in the amount of any eligible rollover distribution that is subject to 20% withholding.

You are not required to withhold 20% of an eligible rollover distribution that, when aggregated with other eligible rollover distributions made to one person during the year, is less than \$200.

**IRAs.** The 20% withholding does not apply to distributions from any IRA, but withholding does apply to IRAs under the rules for periodic payments and nonperiodic distributions below. For withholding, assume that the entire amount of an IRA distribution is taxable (except for the distribution of contributions under section 408(d)(4), in which only the earnings are taxable, and 408(d)(5)). However, do not withhold on a distribution from an Ed IRA.

A distribution from a Roth IRA, including a Roth conversion or reconversion, is considered a designated distribution and is subject to withholding under the rules for periodic payments and nonperiodic distributions below. However, an individual may claim exemption from such withholding.

An IRA recharacterization is not subject to income tax withholding.

**Periodic payments.** For periodic payments that are not eligible rollover distributions, withhold on the taxable part as though the periodic payments were wages, based on the recipient's Form W-4P. The recipient may request additional withholding on Form W-4P or claim exemption from withholding. If a recipient does not submit a Form W-4P, withhold by treating the recipient as married with three withholding allowances. See **Circular E**, Employer's Tax Guide (Pub. 15), for wage withholding tables.

**TIP** *Rather than Form W-4P, military retirees should give you Form W-4, Employee's Withholding Allowance Certificate.*

**Nonperiodic distributions.** Withhold 10% of the taxable part of a nonperiodic distribution that is not an eligible rollover distribution. The recipient may request additional withholding on Form W-4P or claim exemption from withholding.

**Failure to provide TIN.** For periodic payments and nonperiodic distributions, if a payee fails to furnish his or her correct TIN to you in the manner required, or if the IRS notifies you before any distribution that the TIN furnished is incorrect, a payee cannot claim exemption from withholding. For periodic payments, withhold as if the payee was single claiming no withholding allowances. For nonperiodic payments, withhold 10%. Backup withholding does not apply.

## Box 5

Enter the **employee's contributions** to a profit-sharing or retirement plan, or **insurance premiums** that the employee may recover tax free this year. The entry in box 5 may include any of the following: (a) contributions actually made by the employee over the years under the retirement or profit-sharing plan that were required to be included in the income of the employee when contributed ("after-tax contributions"), (b) contributions made by the employer but considered to have been contributed by the employee under section 72(f), (c) the accumulated cost of premiums paid for life insurance protection taxable to the employee in previous years and in the current year under Regulations section 1.72-16 (PS 58 costs) (only if the life insurance contract itself is distributed), and (d) premiums paid on commercial annuities. Do not include contributions to any IRA, DEC, 401(k) plan, or any other contribution to a retirement plan that was not an after-tax contribution.

Generally, for qualified plans, tax-sheltered annuities, and nonqualified commercial annuities, enter in box 5 the employee contributions or insurance premiums recovered tax free during the year based on the method you used to determine the taxable amount to be entered in box 2a. If periodic payments began before 1993, you are not required to, but you are encouraged to, report in box 5.

**CAUTION** *If you made periodic payments from a qualified plan and the annuity starting date is after November 18, 1996, you must use the simplified method to figure the tax-free amount each year. See **Annuity starting date in 1998 or later** on page R-5.*

If a total distribution is made, the total employee contributions or insurance premiums available to be recovered tax free must be shown only in box 5. If any previous distributions were made, any amount recovered tax free in prior years must not appear in box 5.

If you are unable to reasonably obtain the data necessary to compute the taxable amount, leave boxes 2a and 5 blank, and mark the first box in box 2b.

For more information, see Rev. Proc. 92-86, 1992-2 C.B. 495 and section 72(d).

For charitable gift annuities, see **Charitable gift annuities** on page R-1.

## Box 6

Use this box if a distribution includes securities of the employer corporation (or a subsidiary or parent corporation) and you can compute the **net unrealized appreciation (NUA)** in the employer's securities. Enter all the NUA in employer securities if this is a lump-sum distribution. If this is not a lump-sum distribution, enter only the NUA in employer securities attributable to employee contributions. See Regulations section 1.402(a)-1(b) for the determination of the NUA. Also see Notice 89-25, Q/A-1, 1989-1 C.B. 662. Include the NUA in box 1 but not in box 2a. You do not have to complete this box for a direct rollover.

## Box 7

Enter an "X" in the **IRA/SEP/SIMPLE checkbox** if the distribution is from a traditional IRA, SEP, or SIMPLE, or is a Roth conversion. It is not necessary to mark the box for a distribution from a Roth or Ed IRA or for an IRA recharacterization.

**You must enter the appropriate code(s) in box 7.** Read the codes carefully and enter them accurately because the IRS uses the codes to help determine whether the recipient has properly reported the distribution. If the codes you enter are incorrect, the IRS may improperly propose changes to the recipient's taxes.

When applicable, you may enter a numeric and an alpha code. For example, when using Code P for an IRA distribution under section 408(d)(4), you may also enter Code 1, if it applies. Or for a normal distribution from a qualified plan that qualifies for the 10-year tax option, enter Codes 7 and A. For a direct rollover to an IRA for the surviving spouse of a deceased participant, enter Codes 4 and G. Do not use Code 4 with Code H.

Only three numeric combinations are permitted on one Form 1099-R: Codes 8 and 1, 8 and 2, or 8 and 4. If two or more other numeric codes are applicable, you must file more than one Form 1099-R. For example, if part of a distribution is premature (Code 1) and part is not, file one Form 1099-R for the part to which Code 1 applies and another Form 1099-R for the part that is a normal distribution, Code 7. In addition, for the distribution of excess deferrals, excess contributions, or excess aggregate contributions, parts of the distribution may be taxable in 2 or 3 different years. Thus, file separate Forms 1099-R using Code 8, D, or P to indicate the year the amount is taxable.

If part of an eligible rollover distribution is paid in a direct rollover and part is not, you must file a separate Form 1099-R for each part showing the appropriate code on each form. If part of a distribution is an eligible rollover distribution and part is not (e.g., a minimum distribution required by section 401(a)(9)) and the part that is an eligible rollover distribution is directly rolled over, you must file a separate Form 1099-R to report each part.

Use the codes below for any amounts reported on Form 1099-R—distributions from qualified plans, any IRAs, Keoghs, commercial annuities, insurance contracts, charitable gift annuities, etc.

## Codes

**1—Early distribution, no known exception.** Use Code 1 only if the employee/taxpayer has **not** reached age 59½, and if none of the exceptions under section 72(q), (t), or (v) are known to apply. For example, if a distribution is made for medical or qualified higher education expenses, you probably will not know if any medical or qualified higher education expense exception under section 72(t) applies. Therefore, use Code 1. However, if an early distribution is made from a qualified retirement plan because of an IRS levy under section 6331, use Code 2.

**TIP** *Even if the employee/taxpayer is 59½ or over, use Code 1 if a series of substantially equal periodic payments was modified within 5 years of the date of the first payment (within the meaning of section 72(q)(3) or (t)(4)). For example, Mr. B began receiving payments that qualified for the exception for part of a series of substantially equal periodic payments under section 72(t)(2)(A)(iv) when he was 57. When he was 61, Mr. B substantially modified the payments. Because the payments were modified within 5 years, use Code 1 in the year the payments were modified, even though Mr. B is over 59½.*

**2—Early distribution, exception applies (as defined in section 72(q), (t), or (v)).** Use Code 2 if the employee/taxpayer has **not** reached age 59½ to indicate that an exception under section 72(q), (t), or (v) applies. However, instead of Code 2, use Code 3 or 4, whichever applies, for an early distribution due to disability or death. Also use Code 2 for a Roth conversion (an IRA converted to a Roth IRA) or reconversion if the participant is under 59½ and for an early distribution made from a qualified retirement plan because of an IRS levy under section 6331.

## 3—Disability.

**4—Death.** Use Code 4 regardless of the age of the employee/taxpayer to indicate payment to a decedent's beneficiary, including an estate or trust. Also use it for death benefit payments made by an employer but not made as part of a pension, profit-sharing, or retirement plan.

## 5—Prohibited transaction.

**6—Section 1035 exchange.** Use Code 6 to indicate the tax-free exchange of life insurance, annuity, or endowment contracts under section 1035.

**7—Normal distribution.** Use Code 7 for a normal distribution from a plan, including a traditional IRA, if the employee/taxpayer is at least 59½. Use Code 7 for a Roth conversion or reconversion if the participant is at least 59½. Also use Code 7 to report a distribution from a life insurance, annuity, or endowment contract and for reporting income from a failed life insurance contract under section 7702(g) and (h). (See Rev. Rul. 91-17, 1991-1 C.B. 190.) Use Code 7 with Code A, if applicable. Generally, use Code 7 if no other code applies. Do not use Code 7 if Code J or M applies.

**8—Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2000.** Use Code 8 for an IRA distribution under section 408(d)(4), including excess Roth contributions, or the withdrawal of excess contributions from an Ed IRA, unless Code P applies. Also use this code for corrective distributions of excess deferrals, excess contributions, and excess aggregate contributions, unless Code D or P applies. See **Corrective distributions** on page R-3. Also see **IRA revocation** on page R-2.

**9—PS 58 costs.** Use Code 9 to report premiums paid by a trustee or custodian for current life or other insurance protection (PS 58 costs). See **Box 2a** on page R-5 for more information.

**A—May be eligible for 10-year tax option.** Use Code A only for participants born before 1936 or their beneficiaries to indicate the distribution is eligible for the 10-year tax option method of computing the tax on lump-sum distributions (on **Form 4972**, Tax on Lump-Sum Distributions). To determine whether the distribution may be eligible for the tax option, you need not consider whether the recipient used this method (or capital gain treatment) in the past.

**D—Excess contributions plus earnings/excess deferrals taxable in 1998.** See the explanation for Code 8. Generally, do not use Code D for an IRA distribution under section 408(d)(4).

**E—Excess annual additions under section 415.** Do not use Code E with any other code.

## F—Charitable gift annuity.

**G—Direct rollover to IRA.** Use Code G for the direct rollover from a qualified plan or tax-sheltered annuity to a traditional IRA. Do not use this code for a distribution **from** an IRA. Do not use this code with any other code except Code 4, when applicable. See **Direct rollovers** on page R-2.

**H—Direct rollover to qualified plan or tax-sheltered annuity.** Use Code H for the direct rollover of a qualified plan or tax-sheltered annuity to an eligible retirement plan other than a traditional IRA. Do not use this code with any other code. Also, use Code H if you know the distribution is from a conduit IRA and it is made payable to the trustee of or is transferred to an employer plan.

**J—Distribution from a Roth IRA.** Use Code J for a distribution from a Roth IRA or from a Roth conversion IRA. You may use Code 1, 2, 3, 4, 5, 8, or P with Code J.

**L—Loans treated as deemed distributions under section 72(p).** You may use Code L with other codes, such as Code 1 or 2. Do not use Code L to report a loan offset. See **Loans treated as distributions** on page R-4.

**M—Distribution from an education IRA (Ed IRA).** Use Code M for any distribution from an Ed IRA. You may use Code 3, 4, 8, or P with Code M.

**P—Excess contributions plus earnings/excess deferrals taxable in 1999.** See the explanation for Code 8. The IRS suggests that anyone using Code P for the refund of an IRA contribution under section 408(d)(4), including excess Roth

contributions, or the withdrawal of excess contributions from an Ed IRA advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the contributions were made.

**R—Recharacterized IRA contribution.** Use Code R for a recharacterization of an IRA contribution to another type of IRA by a trustee-to-trustee transfer or with the same trustee.

**S—Early distribution from a SIMPLE IRA in first 2 years, no known exception.** Use Code S only if the distribution is from a SIMPLE IRA in the first 2 years, the employee/taxpayer has not reached age 59½, and none of the exceptions under section 72(t) are known to apply. The 2-year period begins on the day contributions are first deposited in the individual's SIMPLE IRA. Do not use Code S if Code 3 or 4 applies.

### Box 8

Enter the current **actuarial value** of an annuity contract that is part of a lump-sum distribution. Do not include this item in boxes 1 and 2a.

To determine the value of an annuity contract, show the value as an amount equal to the current actuarial value of the annuity contract, reduced by an amount equal to the excess of the employee's contributions over the cash and other property (not including the annuity contract) distributed.

If an annuity contract is part of a multiple recipient lump-sum distribution, enter in box 8, along with the current actuarial value, the percentage of the total annuity contract each Form 1099-R represents.

### Box 9a

If this is a total distribution and it is made to **more than one person**, enter the **percentage** received by the person whose name appears on Form 1099-R. You need not complete this box for any IRA distributions or for a direct rollover.

### Box 9b

You are not required to enter the total employee contributions in box 9b. However, because this information may be helpful to the recipient, you may choose to report them.

If you choose to report the total employee contributions, do not include any amounts recovered tax free in prior years. For a total distribution, report the total employee contributions in box 5 rather than in box 9b.

### Boxes 10–15

These boxes and Copies 1 and 2 are provided for your convenience only and need not be completed for the IRS. Use the **state and local information** boxes to report distributions and taxes for up to two states or localities. Keep the information for each state or locality separated by the broken line. If state or local income tax has been withheld on this distribution, you may enter it in boxes 10 and 13, as appropriate. In box 11, enter the abbreviated name of the state and the payer's state identification number. The state number is the payer's identification number assigned by the individual state. In box 14, enter the name of the locality. In boxes 12 and 15 you may enter the amount of the state or local distribution. Copy 1 may be used to provide information to the state or local tax department. Copy 2 may be used as the recipient's copy in filing a state or local income tax return.

## Specific Instructions for Form 5498

File **Form 5498**, IRA Contribution Information, with the IRS by May 31, 2001, for each person for whom you maintained any individual retirement arrangement (IRA) during 2000.

An IRA includes all investments under one IRA plan. It is not necessary to file a Form 5498 for each investment under one plan. For example, if a participant has three CDs under one IRA plan, only one Form 5498 is required for all contributions and the fair market values (FMVs) of the CDs under the plan. However, if an individual has established more than one IRA plan with the same trustee, a separate Form 5498 must be filed for each plan.

**Contributions.** You must report contributions to any IRA on Form 5498. See the instructions under **Boxes 1, 2, 3, 7, 8, 9, and 10** on page R-10. If no reportable contributions were made for 2000, complete only boxes 4 and 6.

Report contributions to a spousal IRA under section 219(c) on a separate Form 5498 using the name and taxpayer identification number (TIN) of the spouse.

For contributions made between January 1 and April 16, 2001, trustees and issuers should obtain the participant's designation of the year for which the contributions are made.

**Direct rollovers, transfers, and recharacterizations.** You must report the receipt of a direct rollover from a qualified plan or tax-sheltered annuity to an IRA. Report a direct rollover in box 2. For information on direct rollovers of eligible rollover distributions, see **Direct rollovers** on page R-2. If a rollover or trustee-to-trustee transfer is made from a SIMPLE IRA to an IRA that is not a SIMPLE IRA and the trustee has adequately substantiated information that the participant has not satisfied the 2-year period specified in section 72(t)(6), report the amount as a regular contribution in box 1 even if the amount exceeds \$2,000.

**Transfers.** Do not report on Form 5498 a direct trustee-to-trustee transfer from (1) a traditional IRA to another traditional IRA, (2) a SIMPLE IRA to another SIMPLE IRA, (3) a SEP to another SEP or to a traditional IRA, (4) a Roth IRA to a Roth IRA, or (5) an Ed IRA to an Ed IRA. For reporting purposes, contributions and rollovers do not include these transfers.

**Recharacterizations.** You must report each recharacterization of an IRA contribution. If a participant makes a contribution to an IRA (first IRA) for a year, the participant may choose to recharacterize the contribution by transferring, in a trustee-to-trustee transfer, any part of the contribution (plus earnings) to another IRA (second IRA). The contribution is treated as made to the second IRA (recharacterization). A recharacterization may be made with the same trustee or with another trustee. The trustee of the first IRA must report the amount contributed before the recharacterization as a contribution on Form 5498 (and the recharacterization as a distribution on Form 1099-R).

The trustee of the second IRA must report the amount received (FMV) as a rollover contribution (box 2) on Form 5498 and check both the "Rechar." box and the type of IRA box in box 6.



*For the extension of the alternative reporting method for IRA recharacterizations and Roth reconversions in 2000 with the same trustee, see the TIP on page R-3 and **What's New for 2000?** on page R-1.*

If there are no other contributions or rollovers to the second IRA, you may report the FMV of the account and a recharacterization of an IRA contribution on the same Form 5498. Otherwise, you must report the recharacterization on a separate Form 5498. See Notice 98-49, 1998-2 C.B. 365.

**Roth conversion IRA.** You must report the receipt of a conversion from an IRA to a Roth IRA even if the conversion is with the same trustee. Report the total amount converted from a traditional IRA, SEP, or SIMPLE to a Roth IRA in box 3. Also report a reconversion to a Roth IRA after a recharacterization in box 3.

**IRA revocation.** If a traditional IRA is revoked during its first 7 days (under Regulations section 1.408-6(d)(4)(ii)), Form 5498 must be filed to report any contribution to the revoked IRA. For information about reporting a distribution from a revoked IRA, see **IRA revocation** on page R-2.

**Total distribution, no contributions.** Generally, if a total distribution was made from an account during the year and no contributions, including rollovers, recharacterizations, or Roth conversion amounts, were made for that year, you need not file Form 5498 nor furnish the annual statement to reflect that the FMV on December 31 was zero.

**Distributions.** Report distributions (including recharacterizations) from any IRA on Form 1099-R. For an early distribution of contributions plus earnings, report the distribution on Form 1099-R using the applicable code.

**Inherited IRAs.** In the year an IRA owner dies, you, as an IRA trustee or issuer, generally must file a Form 5498 and furnish an annual statement for the decedent and a Form 5498 and an annual statement for each nonspouse beneficiary. An IRA holder must be able to identify the source of each IRA he or she holds for purposes of figuring the taxation of a distribution from an IRA. Thus, the decedent's name must be shown on the beneficiary's Form 5498 and annual statement. For example, you may enter "Brian Young as beneficiary of Joan Smith" or something similar that signifies that the IRA was once owned by Joan Smith. You may abbreviate the word "beneficiary" as, for example, "bene."

For a spouse beneficiary, unless the spouse makes the IRA his or her own by making contributions to the account, including a rollover contribution, or by not taking distributions required by section 401(a)(9)(B), treat the spouse as a nonspouse beneficiary for reporting purposes. If the spouse makes the IRA his or her own, report on Form 5498 and the annual statement without the beneficiary designation.

**Fair market value.** On the decedent's Form 5498 and annual statement, you must enter the FMV of the IRA on the date of death in box 4. Or you may choose the alternate reporting method and report the FMV as of the end of the year in which the decedent died. This alternate value will usually be zero because you will be reporting the end-of-year valuation on the beneficiary's Form 5498 and annual statement. The same figure should not be shown on both the beneficiary's and decedent's forms. If you choose to report using the alternate method, you must inform the executor or administrator of the decedent's estate of his or her right to request a date-of-death valuation.

On the beneficiary's Form 5498 and annual statement, the FMV of that beneficiary's share of the IRA as of the end of the year must be shown in box 4. Every year thereafter that the IRA exists, you must file Form 5498 and furnish an annual statement for each beneficiary who has not received a total distribution of his or her share of the IRA showing the FMV at the end of the year and identifying the IRA as described above.

However, if a beneficiary takes a total distribution of his or her share of the IRA in the year of death, you need not file a Form 5498 nor furnish an annual statement for that beneficiary, but you must still file Form 5498 for the decedent.

If you have no knowledge of the death of an IRA owner until after you are required to file Form 5498 (May 31), you are not required to file a corrected Form 5498 nor furnish a corrected annual statement. However, you must still provide the date-of-death valuation in a timely manner to the executor or administrator upon request.

For more information about the reporting requirements for inherited IRAs, see Rev. Proc. 89-52, 1989-2 C.B. 632.

**Desert Storm/Shield, Operation Joint Endeavor (Bosnia Region)/Operation Joint Guard, Operation Allied Force (Kosovo area) contributions.** For information about reporting contributions for a prior year made by a qualifying Desert Storm/Shield individual, see Notice 91-17, 1991-1 C.B. 319, and the 1994 Form 5498 instructions. The instructions for filing Form 5498 for Desert Storm/Shield participants also apply to participants of Operation Joint Endeavor (Bosnia Region)/Operation Joint Guard, and Operation Allied Force. However,

substitute "JE" for Joint Endeavor, "JG" for Joint Guard, and "AF" for Allied Force for "DS" in those instructions.

**Corrected Form 5498.** If you filed a Form 5498 with the IRS and later discover that there is an error on it, you must correct it as soon as possible. See part I in the General Instructions for Forms 1099, 1098, 5498, and W-2G. For example, if you reported contributions as rollover contributions in box 2, and you later discover that part of the contribution was not eligible to be rolled over and was a regular contribution that should have been reported in box 1, you must file a corrected Form 5498.

**Statements to participants.** If you are required to file Form 5498, you must provide a statement to the participant. By January 31, 2001, you must provide participants of an IRA with a statement of the December 31, 2000, value of the participant's account in any written format. Trustees of SIMPLEs also must provide a statement of the account activity by January 31. Contribution information for an Ed IRA also must be provided by January 31, 2001. Contribution information for all other types of IRAs must be provided by May 31, 2001. You are not required to provide information to the IRS or to participants as to whether a contribution is deductible or nondeductible. In addition, the participant is not required to tell you whether a contribution is deductible or nondeductible.

If you furnished a statement of the FMV of the account to the participant by January 31, 2001, and no contributions, including rollovers, recharacterizations, or Roth conversions, were made for 2000, you need not furnish another statement (or Form 5498) to the participant to report zero contributions. However, you must file Form 5498 with the IRS by May 31, 2001, to report the December 31, 2000, FMV of the account. This rule also applies to beneficiary accounts under the inherited IRA rules on page R-9.

For more information about the requirement to furnish statements to participants, see part H in the General Instructions for Forms 1099, 1098, 5498, and W-2G.



*If you do not furnish another statement to the participant because no contributions were made for the year, the statement of the FMV of the account must contain a legend designating which information is being furnished to the Internal Revenue Service.*

### Box 1

Enter **contributions** to a traditional IRA made in 2000 and through April 16, 2001, designated for 2000.

Report gross contributions, including the amount allocable to the cost of life insurance (see **Box 5**) and including any excess contributions, even if the excess contributions were withdrawn. If an excess contribution is treated as a contribution in a subsequent year, do not report it on Form 5498 for the subsequent year. It has already been reported as a contribution on Form 5498 for the year it was actually contributed.

Also include **employee** contributions to an IRA under a SEP plan. These are contributions made by the employee, not by the employer, that are treated as regular IRA contributions subject to the 100% of compensation and \$2,000 limits of section 219. Do not include employer SEP contributions including salary reduction SEP (SARSEP) contributions under section 408(k)(6). Include them in box 7.

Also, do not include in box 1 contributions to a SIMPLE (report them in box 8), a Roth IRA (report them in box 9), and an Ed IRA (report them in box 10). In addition, do not include in box 1 rollovers and recharacterizations (report in box 2), or a Roth conversion amount (report in box 3).

### Box 2

Enter any **rollover contributions** to any IRA received by you during 2000. Include a direct rollover from a qualified plan or tax-sheltered annuity to an IRA and a recharacterization. For the rollover of property, enter the FMV of the property on the date

you receive it. This value may be different from the value of the property on the date it was distributed to the participant.

### Box 3

Enter the amount converted or reconverted from a traditional IRA, SEP, or SIMPLE to a Roth IRA during 2000. Do not include a rollover from one Roth IRA to another Roth IRA. Include a rollover in box 2.

### Box 4

Enter the **FMV** of the account on December 31. For inherited IRAs, see **Inherited IRAs** on page R-9.

### Box 5

For endowment contracts only, enter the amount included in box 1 allocable to the **cost of life insurance**.

### Box 6

If you did **not** enter an amount in box 1, 3, 7, 8, 9, or 10, even if you entered an amount in box 2, you must mark the appropriate box. If you entered an amount in box 1, 3, 7, 8, 9, or 10, you may, but you do not have to, mark the appropriate box. However, see **Rechar.** below.

**IRA.** Check "IRA" if you are filing Form 5498 to report information about a traditional IRA account.

**SEP.** Check "SEP" if you are filing Form 5498 to report information about a SEP account. A SEP is a written arrangement (plan) under section 408(k) established by an employer to make contributions toward his or her own (if a self-employed individual) and employees' retirement. The contributions are made to the IRAs of the participants in the plan. If you do not know whether the account is a SEP, mark the "IRA" checkbox.

**SIMPLE.** Check "SIMPLE" if you are filing Form 5498 to report information about a SIMPLE account. A SIMPLE is an individual retirement plan that can receive contributions under a written salary reduction arrangement. It may be established by an employer with 100 or fewer employees or by a self-employed person with no employees. Do not check this box for a SIMPLE under a section 401(k) plan. See section 408(p).

**Roth IRA.** Check "Roth IRA" if you are filing Form 5498 to report information about any Roth IRA account.

**Rechar.** Check "Rechar." if you are filing Form 5498 to report a recharacterization. Also check the box that indicates the type of IRA.

**Ed IRA.** Check "Ed IRA" if you are filing Form 5498 to report information about an Ed IRA account.

### Box 7

Enter **employer** contributions made to a SEP (including salary deferrals under a SARSEP) during 2000 including contributions made in 2000 for 1999, but not including contributions made in 2001 for 2000. **Do not** enter employee contributions to an IRA under a SEP plan. Report any **employee** contributions to an IRA under a SEP plan in box 1. Also include in box 7 SEP contributions made by a self-employed person to his or her own account.

### Box 8

Enter **any** contributions made to a SIMPLE during 2000. Do not include contributions to a SIMPLE under a 401(k) plan.

### Box 9

Enter any contributions made to a Roth IRA in 2000 and through April 16, 2001, designated for 2000. However, report Roth conversion amounts in box 3.

### Box 10

Enter any contributions made to an Ed IRA during 2000.





# Instructions for Form 1099-S

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-S and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-S

File **Form 1099-S**, Proceeds From Real Estate Transactions, to report the sale or exchange of real estate.

### Reportable Real Estate

Generally, you are required to report a transaction that consists in whole or in part of the sale or exchange for money, indebtedness, property, or services of any present or future ownership interest in any of the following:

1. Improved or unimproved land, including air space.
2. Inherently permanent structures, including any residential, commercial, or industrial building.
3. A condominium unit and its appurtenant fixtures and common elements, including land.
4. Stock in a cooperative housing corporation (as defined in section 216).

**Sale or exchange.** A sale or exchange includes any transaction properly treated as a sale or exchange for Federal income tax purposes, even if the transaction is not currently taxable. For example, a sale of a principal residence may be a reportable sale even though the transferor may be entitled to exclude the gain under section 121. But see **Exceptions** below. Also, a transfer to a corporation that qualifies for nonrecognition of gain under section 351 is a reportable exchange. In addition, a transfer under a land contract is reportable in the year in which the parties enter into the contract.

**Ownership interest.** An ownership interest includes fee simple interests, life estates, reversions, remainders, and perpetual easements. It also includes any previously created rights to possession or use for all or part of any particular year (e.g., a leasehold, easement, or timeshare), if such rights have a remaining term of at least 30 years, including any period for which the holder may renew such rights, determined on the date of closing. For example, a preexisting leasehold on a building with an original term of 99 years and a remaining term of 35 years on the closing date is an ownership interest; however, if the remaining term is 10 years, it is not an ownership interest. An ownership interest does **not** include any option to acquire real estate.

**Involuntary conversion.** A sale of real estate under threat or imminence of seizure, requisition, or condemnation is generally a reportable transaction.

## Exceptions

The following is a list of transactions that are **not reportable**. However, you may choose to report them; but if you do, the return filed and the statement furnished to the transferor must comply with the reporting rules.

1. Sale or exchange of a principal residence (including stock in a cooperative housing corporation) for \$250,000 or less (\$500,000 or less for married) **and** you received an acceptable **written assurance** (certification) from the seller. If there are joint sellers, you must obtain a certification from each seller. The certification must be signed by each seller under penalties of perjury. You must file and furnish Form 1099-S for any seller who does not provide a certification. The certification must include information to support the conclusion that the full gain on the sale is excludable from the seller's gross income.

You may get the certification any time on or before January 31 of the year after the year of sale. You may rely on the certification and not file or furnish Form 1099-S unless you know that any assurance on the certification is incorrect.

You must retain the certification for 4 years after the year of sale. You may retain the certification on paper, microfilm, microfiche, or in an electronic storage system.

You are not required to obtain the certification. However, if you do not obtain it, you must file and furnish Form 1099-S.

Rev. Proc. 98-20, 1998-1 C.B. 549, provides a sample acceptable certification that you may use.

2. Any transaction in which the transferor is a corporation (or is considered to be a corporation under Regulations section 1.6045-4(d)(2)); a governmental unit, including a foreign government or an international organization; or an exempt volume transferor. Under this rule, if there are exempt and nonexempt transferors, you must file Form 1099-S only for the nonexempt transferors.

**Exempt volume transferor.** An exempt volume transferor is someone who sold or exchanged during the year, who expects to sell or exchange during the year, or who sold or exchanged in either of the 2 previous years, at least 25 separate items of reportable real estate to at least 25 separate transferees. In addition, each item of reportable real estate must have been held, at the date of closing, or will be held, primarily for sale or resale to customers in the ordinary course of a trade or business. You are not required to report an exempt volume transferor's transactions if you receive the penalties of perjury certification required by Regulations section 1.6045-4(d)(3).

3. Any transaction that is not a sale or exchange, including a bequest, a gift (including a transaction treated as a gift under section 1041), and a financing or refinancing that is not related to the acquisition of real estate.

4. A transfer in full or partial satisfaction of a debt secured by the property. This includes a foreclosure, a transfer in lieu of foreclosure, or an abandonment.

5. A de minimis transfer for less than \$600. A transaction is de minimis if it can be determined with certainty that the total money, services, and property received or to be received is less than \$600, as measured on the closing date. For example, if a contract for sale provides for total consideration of "\$1.00 plus other valuable consideration," the transfer is not a de minimis transfer unless you can determine that the "other valuable consideration" is less than \$599, as measured on the closing

date. The \$600 rule applies to the transaction as a whole, not separately to each transferor.

The following also are **not** reportable if the transaction is not related to the sale or exchange of reportable real estate:

1. An interest in crops or surface or subsurface natural resources, that is, timber (see **Timber royalties** below), water, ores, and other natural deposits, whether or not such crops or natural resources are severed from the land.
2. A burial plot or vault.
3. A manufactured structure used as a dwelling that is manufactured and assembled at a location different from that where it is used, but only if such structure is not affixed, on the closing date, to a foundation. This exception applies to an unaffixed mobile home.

### Timber Royalties

Report on Form 1099-S payments of timber royalties made under a pay-as-cut contract, reportable under section 6050N. For more information, see Announcement 90-129, 1990-48 I.R.B. 10.

### Gross Proceeds

See **Box 2** on page S-3.

### Who Must File

Generally, the person responsible for closing the transaction, as explained in **1** below, is required to file Form 1099-S. If no one is responsible for closing, the person required to file Form 1099-S is explained in **2** below. However, you may designate the person required to file Form 1099-S in a written agreement, as explained under **3** below.



*For each transaction, be sure that only one person is responsible for filing and that only one Form 1099-S is filed for each transferor.*

1. If you are the **person responsible for closing the transaction**, you must file Form 1099-S. If a Uniform Settlement Statement, prescribed under the Real Estate Settlement Procedures Act of 1974 (RESPA), is used, the person responsible for closing is the person listed as the settlement agent on that statement. A Uniform Settlement Statement includes any amendments, variations, or substitutions that may be prescribed under RESPA if any such form requires disclosure of the transferor and transferee, the application of the proceeds, and the name of the settlement agent or other person responsible for preparing the settlement statement.

If a Uniform Settlement Statement is not used, or no settlement agent is listed, the person responsible for closing is the person who prepares the closing statement, including a settlement statement or other written document that identifies the transferor, transferee, and real estate transferred, and that describes how the proceeds are to be disbursed.

If no closing statement is used, or if two or more statements are used, the person responsible for closing is, in the following order: **(a)** the transferee's attorney if the attorney is present at the delivery of either the transferee's note or a significant part of the cash proceeds to the transferor or if the attorney prepares or reviews the preparation of the documents transferring legal or equitable ownership; **(b)** the transferor's attorney if the attorney is present at the delivery of either the transferee's note or a significant part of the cash proceeds to the transferor or if the attorney prepares or reviews the preparation of the documents transferring legal or equitable ownership; or **(c)** the disbursing title or escrow company that is most significant in disbursing gross proceeds. If there is more than one attorney described in **(a)** or **(b)**, the one whose involvement is most significant is the person responsible for filing.

2. If no one is responsible for closing the transaction as explained in **1** above, the person responsible for filing is, in the following order: **(a)** the mortgage lender, **(b)** the transferor's broker, **(c)** the transferee's broker, or **(d)** the transferee.

For purposes of **2** above, apply the following definitions:

**a. Mortgage lender** means a person who lends new funds

in connection with the transaction, but only if the loan is at least partially secured by the real estate. If there is more than one lender, the one who lends the most new funds is the mortgage lender. If several lenders advance equal amounts of new funds, and no other person advances a greater amount of new funds, the mortgage lender is the one who has the security interest that is most senior in priority. Amounts advanced by the transferor are not treated as new funds.

**b. Transferor's broker** means the broker who contracts with the transferor and who is compensated for the transaction.

**c. Transferee's broker** means the broker who significantly participates in the preparation of the offer to acquire the property or who presents such offer to the transferor. If there is more than one such person, the transferee's broker is the one who most significantly participates in the preparation of the acquisition offer. If there is no such person, the one who most significantly participates in the presentation of the offer is the transferee's broker.

**d. Transferee** means the person who acquires the greatest interest in the property. If no one acquires the greatest interest, the transferee is the person listed first on the ownership transfer documents.

**3. Designation agreement.** You can enter into a designation agreement at or before closing to designate who must file Form 1099-S for the transaction. The agreement will identify the person responsible for filing if such designated person signs the agreement. It is not necessary that all parties to the transaction (or that more than one party) enter into the agreement.

You may be designated in the agreement as the person who must file if you are the person responsible for closing (as explained in **1** above), the transferee's or transferor's attorney (as explained in **1** above), a title or escrow company that is most significant in terms of the gross proceeds disbursed, or the mortgage lender (as explained in **2a** above).

The designation agreement may be in any form and may be included on the closing statement. It must identify by name and address the person designated as responsible for filing; it must include the names and addresses of each person entering into the agreement; it must be signed and dated by all persons entering into the agreement; it must include the names and addresses of the transferor and transferee; and it must include the address and any other information necessary to identify the property. Each person who signs the agreement must retain it for 4 years.

### Employees, Agents, and Partners

If an employee, agent, or partner, acting within the scope of such person's employment, agency, or partnership, participates in a real estate transaction, only the employer, principal, or partnership (not the employee, agent, or partner) may be the reporting person. However, the participation of a person listed on the Uniform Settlement Statement as the settlement agent acting as an agent of another is not attributed to the principal.

### Foreign Transferors

Sales or exchanges involving foreign transferors are reportable on Form 1099-S. For information on the transferee's responsibility to withhold income tax when a U.S. real property interest is acquired from a foreign person, see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Corporations, and **Form 8288**, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests.

### Multiple Transferors

For multiple transferors of the same real estate, you must file a separate Form 1099-S for each transferor. At or before closing, you must request from the transferors an allocation of the gross proceeds among the transferors. The request and the response are not required to be in writing. You must make a reasonable effort to contact all transferors of whom you have knowledge. However, you may rely on the unchallenged response of any transferor, and you need not make additional contacts with other transferors after at least one complete allocation is received (100% of gross proceeds, whether or not received in a single

response). If you receive the allocation, report gross proceeds on each Form 1099-S accordingly.

You are not required to, but you may, report gross proceeds in accordance with an allocation received after the closing date but before the due date of Form 1099-S (without extensions). However, you cannot report gross proceeds in accordance with an allocation received on or after the due date of Form 1099-S (without extensions).

If no gross proceeds are allocated to a transferor because no allocation or an incomplete allocation is received, you must report the total unallocated gross proceeds on the Form 1099-S made for that transferor. If you do not receive any allocation or you receive conflicting allocations, report on each transferor's Form 1099-S the total unallocated gross proceeds.

**Husband and wife.** If the transferors were husband and wife at the time of closing, who held the property as joint tenants, tenants by the entirety, tenants in common, or as community property, treat them as a single transferor. Only one Form 1099-S showing either of them as the transferor is required. You need not request an allocation of gross proceeds if husband and wife are the only transferors. But if you receive an uncontested allocation of gross proceeds from them, file Form 1099-S for each spouse according to the allocation. If there are other transferors, you must make a reasonable effort to contact either the husband or wife to request an allocation.

**Partnerships.** If the property is transferred by a partnership, file only one Form 1099-S for the partnership, not separate Forms 1099-S for each partner.

### Multiple Assets Sold

If real estate is sold or exchanged and other assets are sold or exchanged in the same transaction, report the total gross proceeds from the entire transaction on Form 1099-S.

### Taxpayer Identification Numbers (TINs)

You must request the transferor's TIN no later than the time of closing. The TIN request need not be made in a separate mailing. Rather, it may be made in person or in a mailing that includes other items. The transferor is required to furnish his or her TIN and to certify that the TIN is correct.

You may request a TIN on **Form W-9, Request for Taxpayer Identification Number and Certification**. Alternatively, you may provide a written statement to the transferor similar to the following: "You are required by law to provide (insert name of person responsible for filing) with your correct taxpayer identification number. If you do not provide (insert name of person responsible for filing) with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law." The solicitation must contain space for the name, address, and TIN of the transferor, and a place to certify under penalties of perjury that the TIN furnished is the correct TIN of the transferor. The certification must read similar to: "Under penalties of perjury, I certify that the number shown on this statement is my correct taxpayer identification number." If you use a Uniform Settlement Statement (under RESPA), you may provide a copy of such statement, appropriately modified to solicit the TIN, to the transferor. Keep the Form W-9 or substitute form in your records for 4 years.

### Separate Charge Prohibited

You may not charge your customers a separate fee for complying with the Form 1099-S filing requirements. However, you may take into account the cost of filing the form in setting the fees you charge your customers for services in a real estate transaction.

### Statements to Transferors

If you are required to file Form 1099-S, you must provide a statement to the transferor. Furnish a copy of Form 1099-S or an acceptable substitute statement to each transferor. For more information about the requirement to furnish a statement to the transferor, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Filer's Name and Address Box

Enter the name and address of the person who is filing Form 1099-S. This information must be the same as the filer information reported on Form 1096.

### Transferor's Name and Address Box

Enter the name and address of the seller or other transferor of the real estate. If a husband and wife are joint sellers, it is only necessary to enter one name and the TIN for that person on the form.

### Box 1

Enter the **closing date**. On a Uniform Settlement Statement (under RESPA), the closing date is the settlement date. If a Uniform Settlement Statement is not used, the closing date is the earlier of the date title transfers or the date the economic burdens and benefits of ownership shift to the transferee.

### Box 2

Enter the **gross proceeds** from the sale or exchange of real estate. Gross proceeds means any cash received or to be received for the real property by or on behalf of the transferor, including the stated principal amount of a note payable to or for the benefit of the transferor and including a note or mortgage paid off at settlement. If the transferee assumes a liability of the transferor or takes the property subject to a liability, such liability is treated as cash and is includible as part of gross proceeds. For a contingent payment transaction, include the maximum determinable proceeds. Also see **Multiple assets sold** above.

If you are reporting a **like-kind exchange** of property for which no gross proceeds are reportable, enter 0 (zero) in box 2 and mark the checkbox in box 4.

Gross proceeds do not include the value of property or services received or to be received by, or on behalf of, the transferor or separately stated cash received for personal property, such as draperies, carpeting, or a washer and dryer.

Do not reduce gross proceeds by any expenses paid by the transferor, such as sales commissions, deed preparation, advertising, and legal expenses. If a Uniform Settlement Statement (under RESPA) is used for a transfer of real estate for cash and notes only, gross proceeds generally will be the contract sales price shown on that statement. If other property or services were exchanged, see **Box 4** below.

**Contingent payment transaction.** A contingent payment transaction is one in which the receipt, by or on behalf of the transferor, is subject to a contingency. The maximum determinable proceeds means the greatest amount of gross proceeds possible if all the contingencies are satisfied. If the maximum amount of gross proceeds cannot be determined with certainty, the maximum determinable proceeds are the greatest amount that can be determined with certainty.

### Box 3

Enter the **address** of the property, including the 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."

### Box 4

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, enter an "X" in the checkbox in box 4.

### Box 5

For a real estate transaction involving a residence, enter the **real estate tax paid in advance** that is allocable to the buyer. You do not have to report an amount as allocable to the buyer for real estate taxes paid in arrears. You may use the appropriate information included on the HUD-1, or comparable form, provided at closing. For example, a residence is sold in a county where the real estate tax is paid annually in advance. The seller paid real estate taxes of \$1,200 for the year in which the sale

took place. The sale occurred at the end of the 9th month of the real estate tax year. Therefore, \$300 of the tax paid in advance is allocated to the buyer, by reference to the amount of real estate tax shown on the HUD-1 as paid by the seller in advance, and is reported in box 5. See Notice 93-4, 1993-1 C.B. 295.



*You are not required to indicate on Form 1099-S that the transferor's (seller's) financing was Federally subsidized. Also, you are not required to enter (1) both total gross*

*proceeds **and** the allocated gross proceeds for a multiple transferor transaction (enter either one or the other); (2) an indication that the transferor may receive property or services for an obligation having a stated principal amount; or (3) an indication that, in connection with a contingent payment transaction, the transferor may receive gross proceeds that cannot be determined with certainty under the regulations and is not included in gross proceeds.*

# Instructions for Forms W-2G and 5754

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form W-2G and forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form W-2G

File **Form W-2G**, Certain Gambling Winnings, to report gambling winnings and any Federal income tax withheld on those winnings. The requirements for reporting and withholding depend on the type of gambling, the amount of the gambling winnings, and generally the ratio of the winnings to the wager.

The types of gambling are grouped as follows:

1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later.
2. Sweepstakes, Wagering Pools, and Lotteries.
3. Bingo, Keno, and Slot Machines.

### Tax-Exempt Organizations

A tax-exempt organization conducting gaming activities may be required to withhold income tax and report on Form W-2G. See **Pub. 3079**, Gaming Publication for Tax-Exempt Organizations.

### Reportable Gambling Winnings

Generally, gambling winnings are reportable if the amount paid reduced, at the option of the payer, by the wager is **(a)** \$600 or more and **(b)** at least 300 times the amount of the wager. However, these requirements do not apply to winnings from bingo, keno, and slot machines. If the winnings from a **keno** game (reduced by the wager) are \$1,500 or more, they are reportable gambling winnings. If the winnings (not reduced by the wager) from a **bingo** game or **slot machine** are \$1,200 or more, they are reportable gambling winnings.

If you pay reportable gambling winnings, you must file Form W-2G with the IRS and provide a statement to the winner (Copies B and C of Form W-2G).

### Withholding

There are two types of withholding on gambling winnings—regular gambling withholding at 28% (38.88% for certain noncash payments) and backup withholding at 31%. If a payment is already subject to regular gambling withholding, it is not subject to backup withholding.

### Regular Gambling Withholding

You may be required to withhold 28% of gambling winnings for Federal income tax. This is referred to as regular gambling withholding. The following table shows whether you must withhold 28%.

IF gambling winnings are from...	AND they are...	THEN you...
Bingo, keno, or slot machines	Any amount	Do not withhold at 28%
Any wagering transaction	\$5,000 or less	Do not withhold at 28%
<ul style="list-style-type: none"> <li>• Sweepstakes</li> <li>• Wagering pool</li> <li>• Lottery</li> <li>• Another wagering transaction (for bingo, keno, or slot machines, see above) when winnings are at least 300 times amount wagered</li> </ul>	More than \$5,000	Withhold at 28%

Regular gambling withholding applies to the total amount of gross proceeds (the amount of winnings less the amount wagered) not merely to the amount in excess of \$5,000.

Report the amount you withheld in box 2 of Form W-2G. Also file **Form 945**, Annual Return of Withheld Federal Income Tax, to report all your gambling withholding.

**Noncash payments.** A noncash payment, such as a car, must be taken into account at its fair market value (FMV) for purposes of reporting and withholding. If the FMV exceeds \$5,000, after deducting the price of the wager, the winnings are subject to 28% regular gambling withholding. The tax you must withhold is computed and paid under either of the following two methods:

**1. The winner pays** the withholding tax to the payer. If the winner pays the withholding tax to the payer of the winnings, the withholding is 28% of the noncash payment (FMV) minus the amount of the wager.

**2. The payer pays** the withholding tax. If the payer of the winnings also pays the withholding tax on behalf of the winner, the withholding is 38.88% of the noncash payment (FMV) minus the amount of the wager.

If you use method **2**, enter the sum of the noncash payment and the withholding tax in box 1 of Form W-2G and the withholding tax paid by the payer in box 2. See Notice 93-7, 1993-1 C.B. 297.

### Backup Withholding

You may be required to withhold 31% of gambling winnings (including winnings from bingo, keno, and slot machines) for Federal income tax. This is referred to as backup withholding. The following table shows when you should backup withhold at 31%.

Withhold at 31% if...	AND...
The winner does not furnish a correct taxpayer identification number (TIN)	<ul style="list-style-type: none"> <li>• Reportable gambling winnings are not already subject to regular gambling withholding</li> <li>• Reportable gambling winnings are from bingo, keno, or slot machines</li> </ul>

Backup withholding applies to the total amount of the winnings reduced, at the option of the payer, by the amount wagered. That means the total amount, not just the payments in excess of \$600, \$1,200, or \$1,500, is subject to backup withholding at 31%.

Report the amount you withheld in box 2 of Form W-2G. Also file **Form 945** to report all backup withholding. You may use **Form W-9**, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

See the instructions that follow for each type of gambling for detailed rules on backup withholding.

### Foreign Persons

Payments of gambling winnings to a nonresident alien individual or a foreign corporation are not subject to reporting or withholding on Form W-2G. Generally, gambling winnings paid to a foreign person are subject to 30% withholding under sections 1441(a) and 1442(a) and are reportable on **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and **Form 1042-S**, Foreign Person's U.S. Source Income Subject to Withholding. Winnings of a nonresident alien from blackjack, baccarat, craps, roulette, or big-6 wheel are not subject to the 30% withholding, but they are reportable on Form 1042-S. See the **Instructions for Form 1042-S** and **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

### State Tax Information

If state income tax withholding is required on gambling winnings in your state, you may want to complete boxes 13 and 14 on Form W-2G. Copy 1 of the form may be used to provide information to the state, and Copy 2 may be used as the winner's copy for use in filing a state income tax return. A state identification number is assigned by each individual state.

### Form 5754

If the person receiving the winnings is not the actual winner, or is a member of a group of winners, see **Specific Instructions for Form 5754** on page W-4.

### Statements to Winners

If you are required to file Form W-2G, you must also provide a statement to the winner. For information about the requirement to furnish a statement to the winner, see part **H** in the **2000 General Instructions for Forms 1099, 1098, 5498, and W-2G**. You may furnish Copies B and C of Form W-2G.

### 1—Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later

File Form W-2G for every person to whom you pay \$600 or more in gambling winnings if such winnings are at least 300 times the amount of the wager. If the person presenting the ticket for payment is the sole owner of the ticket, complete Form W-2G showing the name, address, and TIN of the winner. If regular gambling withholding is required, the winner must sign the Form W-2G, under penalties of perjury, stating that he or she is the sole owner and that the information listed on the form is correct.

### Withholding

You must withhold Federal income tax, at the rate of 28% (regular gambling withholding), from the amount of winnings less the amount wagered. Do this if such winnings less the wager exceed \$5,000 and if the winnings are at least 300 times the amount of the wager.

If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 31% on any such winnings that are not subject to 28% regular gambling withholding. That is, if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager, 31% backup withholding is figured on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

### Multiple Wagers

For multiple wagers sold on one ticket, such as the \$12 box bet on a Big Triple or Trifecta, the wager is considered as six \$2 bets and not one \$12 bet for purposes of computing the amount to be reported or withheld. Winnings on a \$12 box bet must be reported if they are \$600 or more, and Federal income tax must be withheld if the proceeds total more than \$5,000 or, if the proceeds do not exceed \$5,000, if the recipient fails to provide a TIN.

### Identical Wagers

Winnings from identical wagers (e.g., two \$2 bets on a particular horse to win the same race) are added together for purposes of the reporting and withholding requirements. Also, winnings from identical wagers that are not part of the payment for which the Form W-2G is being prepared are added together for purposes of withholding to determine if the total amount of proceeds from identical wagers is more than \$5,000.

### Box 1

Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

### Box 2

Enter any Federal income tax withheld, whether 28% regular gambling withholding or 31% backup withholding.

### Box 3

Enter the type of wager if other than a regular race bet, for example, Daily Double or Big Triple.

### Box 4

Enter the date of the winning event. This is not the date the money was paid if it was paid after the date of the race (or game).

### Box 5

Not applicable.

### Box 6

Enter the race (or game) applicable to the winning ticket.

### Box 7

Enter the amount of additional winnings from identical wagers.

### Box 8 or 10

Enter the cashier and/or window number making the winning payment.

### Boxes 11 and 12

Enter the identification numbers of the person receiving the winnings.

### Box 13 (optional)

Enter the abbreviated name of the state and your state identification number.

### Box 14 (optional)

Enter the amount of state income tax withheld.

### 2—Sweepstakes, Wagering Pools, and Lotteries

File Form W-2G for each person to whom you pay \$600 or more in gambling winnings from a sweepstakes, wagering pool, or lottery (including a state-conducted lottery) if such winnings are at least 300 times the amount of the wager. The wager must be subtracted from the total winnings to determine whether withholding is required and, at the option of the payer, to determine whether reporting is required. The wager must be subtracted at the time of the first payment.

The requirements in this section apply to church raffles, charity drawings, etc. In the case of one wager for multiple raffle tickets, such as five for \$1, the wager is considered as \$.20 for each ticket.

### Withholding

You must withhold Federal income tax, at the rate of 28% (regular gambling withholding), from the amount of winnings less the amount wagered if such winnings less the wager exceed \$5,000. If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 31% on any such winnings that are not subject to 28% regular gambling withholding. That is, if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager, 31%

backup withholding is figured on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

Installment payments of \$5,000 or less are subject to 28% regular gambling withholding if the aggregate proceeds from the wager will exceed \$5,000.

If payments are to be made for the life of a person (or for the lives of more than one person), and it is actuarially determined that the aggregate proceeds from the wager are expected to exceed \$5,000, such payments are subject to 28% regular gambling withholding. When a third party makes the payments, for example, an insurance company handling the winnings as an annuity, that third party must withhold.

#### **When Paid**

A payment of winnings is considered made when it is paid, either actually or constructively, to the winner. Winnings are constructively paid when they are credited to, or set apart for, that person without any substantial limitation or restriction on the time, manner, or condition of payment. However, if within 60 days after the winner becomes entitled to the prize, he or she is offered the option of receiving a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. In this case, file Form W-2G each year of the annuity to report the amount paid during that year.

#### **Box 1**

Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

#### **Box 2**

Enter any Federal income tax withheld, whether 28% regular gambling withholding or 31% backup withholding.

#### **Box 3**

Enter the type of wager (such as raffle or 50-50 drawing) or the name of the lottery (such as Instant, Big 50, Baker's Dozen, or Powerball) and the price of the wager (\$.50, \$1, etc.).

#### **Box 4**

Enter the date of the winning transaction, such as the date of the drawing of the winning number. This might not be the date the winnings are paid.

#### **Box 5**

For a state lottery, enter the ticket number or other identifying number.

#### **Boxes 6 Through 8 and 10**

Not applicable.

#### **Boxes 11 and 12**

For other than state lotteries, enter the identification numbers of the person receiving the winnings.

#### **Box 13 (optional)**

Enter the abbreviated name of the state and your state identification number.

#### **Box 14 (optional)**

Enter the amount of state income tax withheld.

### **3—Bingo, Keno, and Slot Machines**

File Form W-2G for every person to whom you pay \$1,200 or more in gambling winnings from bingo or slot machines, or \$1,500 or more from keno after the price of the wager for the winning keno game is deducted. If the winnings are not paid in cash, the FMV of the item won is considered the amount of the winnings. Total all winnings from each bingo or keno game. Winnings and losses from other wagering transactions are not to be taken into account in arriving at the \$1,200 or \$1,500 figure.

#### **Withholding**

Regular gambling withholding (28%) does not apply to winnings from bingo, keno, or slot machines. However, if the recipient of reportable gambling winnings from bingo, keno, or slot machines does not provide a TIN, you must backup withhold at the rate of 31%. That is, if the winnings are at least \$1,200 from bingo or slot machines or \$1,500 from keno, 31% backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered.

#### **Box 1**

Enter payments of \$1,200 or more from bingo or slot machines or payments of \$1,500 or more from keno.

#### **Box 2**

Enter any 31% backup withholding.

#### **Box 3**

Enter the type of wager (i.e., bingo, keno, or slot machines) and the amount of the wager.

#### **Box 4**

Enter the date of the winning transaction.

#### **Box 5**

Enter the ticket number, card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction.

#### **Boxes 6 and 7**

Not applicable.

#### **Box 8**

Enter the initials of the person paying the winnings.

#### **Box 10**

Enter the location of the person paying the winnings, if applicable.

#### **Boxes 11 and 12**

Enter the identification numbers of the person receiving the winnings.

#### **Box 13 (optional)**

Enter the abbreviated name of the state and your state identification number.

#### **Box 14 (optional)**

Enter the amount of state income tax withheld.

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## Specific Instructions for Form 5754

Use **Form 5754**, Statement by Person(s) Receiving Gambling Winnings, only to prepare Form W-2G when the person receiving gambling winnings subject to reporting or withholding is not the actual winner or is a member of a group of two or more winners on the same winning ticket. The payer is required to file Forms W-2G based on Form 5754.

The person receiving the winnings must furnish all the information required by Form 5754. However, a recipient of winnings from a state-conducted lottery need not provide identification other than his or her taxpayer identification number (TIN).

Part I lists the identification of the person to whom the winnings are paid, and Part II lists the actual winners, their respective shares of the winnings, and any additional winnings from identical wagers.

In Part II, the person receiving the winnings must provide the name, address, TIN, respective share of the winnings, and additional winnings from identical wagers for each of the winners. In addition, if regular gambling withholding is required,

the form must be signed, under penalties of perjury, and dated by the person receiving the winnings.

The form must be returned to the payer for preparation of Form W-2G for each of the persons listed as winners. Forms W-2G may be issued immediately or by January 31 following the year of the payment.

**Do not send Form 5754 to the IRS.** Keep it for your records.

### Withholding and Forms W-2G for Multiple Winners

If more than one person shares in the winnings from a single wager, the total amount of the winnings (less the amount wagered) will determine the amount of the proceeds for purposes of reporting and withholding. Do not allocate winnings to each winner before determining whether the withholding or reporting thresholds were reached.

For example, E purchases a sweepstakes ticket for \$1 on behalf of himself and S, who contributes an equal amount of the ticket price and who will share equally in any winnings. The ticket wins \$5,002. Because the winnings ( $\$5,002 - \$1 = \$5,001$ ) are more than \$5,000, you must withhold 28% of \$5,001. You must prepare a separate Form W-2G for E and for S using the information furnished to you on Form 5754.



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# Application for Filing Information Returns Magnetically/Electronically

*(Please type or print in **black ink** when completing this form - see instructions on back)*

1. Transmitter information

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

2. Person to contact about this request

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Telephone ( ) \_\_\_\_\_

3. Employer Identification Number (EIN)

4. Tax year you wish to begin filing on magnetic media

5. Will you be using your TCC only for transmitting requests for extension of time to file?  Yes  No

6. **Type of Return To Be Reported**

*(Check all forms that you wish to file)*

**Important:** Form W-2 information is sent to the Social Security Administration *only*. Do **not** use Form 4419 to request authorization to file information magnetically. Contact SSA to request the appropriate application.

Forms 1098, 1099-series, 5498 and W-2G  
*(Tape, Cartridges, 3-1/2" diskette or Electronic)*

1042S *(Tape, Tape cartridges, 3 1/2" diskette or Electronic)*

8027 *(Tape, Tape cartridges, 3-1/2" diskette or Electronic)*

8596 *(Tape, Tape cartridges, 3-1/2" diskette)*

W-4 *(Tape, Tape cartridges, 3-1/2" diskette or Electronic)*

### Type of Filing

7. **Magnetic Tape/Tape Cartridge Parameters**

*(Check appropriate box(es))*

Type of Media	Density <i>(tape only)</i>	Track <i>(cartridge only)</i>
<input type="checkbox"/> Tape <i>(9-track only)</i> <input type="checkbox"/> Cartridge	<input type="checkbox"/> 1600 BPI <input type="checkbox"/> 6250 BPI	<input type="checkbox"/> 18-Track <input type="checkbox"/> 36-Track

### Other Cartridge Parameters

*(Check appropriate box(es))*

Type of Media	Hardware	Recording Mode
<input type="checkbox"/> 8mm <input type="checkbox"/> 4mm <input type="checkbox"/> QIC		<input type="checkbox"/> ASCII <input type="checkbox"/> EBCDIC

8. **Diskette Parameters**

*(Check appropriate box(es))*

Type of Media	Software/Operating System	Recording Mode
3-1/2" Diskette		ASCII only

9.  Electronic Filing

10. **Person responsible for preparation of tax reports**

Name <i>(type or print)</i>	Title
Signature	Date

**General Instructions**

**Paperwork Reduction Act Notice.**—We ask for the information on the Form 4419 to carry out the Internal Revenue laws of the United States. You are required to give us the information. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to provide this information will vary depending on individual circumstances. The estimated average time is:

**Preparing the form . . . . . 26 min.**

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001

DO NOT SEND THE FORM TO THIS OFFICE. Instead, see the instructions below on where to file.

**Purpose of Form.**—File Form 4419 to request authorization to file any of the forms shown in Block 7 magnetically or electronically. Please be sure to complete all appropriate blocks. If your application is approved, a five-character alpha-numeric Transmitter Control Code (TCC) will be assigned to your organization.

If any information on the form should change, please write to IRS/Martinsburg Computing Center so we can update our database. It is not necessary to submit a new Form 4419.

**NOTE:** Do NOT use Form 4419 to request authorization to file Forms W-2 on magnetic media, since Form W-2 information is sent to the Social Security Administration (SSA) ONLY. **Contact SSA if you have any questions concerning the filing of Forms W-2 on magnetic media.**

**Specific Instructions**

Please provide complete information. Otherwise, processing of your application will be delayed.

**Block 1**

Enter the name and complete address of the person or organization that will submit the magnetic media or electronic files (*transmitter*).

**Block 2**

Enter the name, title, and telephone number (*with area code*) of the person to contact about this application if IRS needs additional information. This should be a person who is knowledgeable about magnetic/electronic filing of information returns.

**Block 3**

Enter the employer identification number (*EIN*) of the organization transmitting the magnetic media and/or electronic files.

**Block 4**

Enter the tax year that you wish to start filing magnetically and/or electronically.

**Block 5**

Indicate if you are requesting this transmitter control code solely for the purpose of filing magnetic/electronic requests for an extension of time to file information returns.

**Block 6**

Check the box next to all of the returns you will file with IRS magnetically and/or electronically.

A separate TCC will be assigned for each form identified in Block 6. Please make sure you submit your magnetic media files using the correct TCC.

Thereafter, if you need to add any of the forms identified in Block 6, it will be necessary to submit another Form 4419 to IRS so another TCC can be assigned.

**NOTE:** Forms 8596 CANNOT be filed electronically.

**Block 7 and 8**

Enter the information requested for the type(s) of magnetic media and/or electronic files you intend to submit. Enter the name of the manufacturer and the model number under "Hardware" (*for example, IBM PC/AT*).

**Block 9**

Check if your information returns will be filed electronically.

**Block 10**

The form must be signed and dated by an official of the company or organization requesting authorization to report magnetically and/or electronically.

**Filing Your Application**

Mail the completed application and any attached lists to the appropriate address below.

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
230 Murall Dr.  
Kearneysville, WV 25430

In order to ensure timely filing, submit Form 4419 at least 30 days prior to the due date of the return.

If your application is approved, IRS will assign a TCC to your organization. We will not issue your TCC without a signed Form 4419 from you, and we will not issue a TCC over the phone. If you don't receive a reply from IRS within 30 days, contact us at the telephone number shown below. Do not submit any files until you receive your TCC.

For further information concerning the filing of information returns with IRS either magnetically or electronically, contact the IRS Martinsburg Computing Center at (304) 263-8700 between 8:30 a.m. and 4:30 p.m. Eastern Standard Time.

(See instructions on back)

Form **4804**  
(Rev. July 1999)

Department of the Treasury -- Internal Revenue Service  
**Transmittal of Information Returns**  
**Reported Magnetically/Electronically**  
*Please type or print clearly in **BLACK** ink*

IRS Use Only

OMB No.  
1545-0367

1. Type of files represented by this transmittal  
 **Original**       **Test**  
 **Replacement**       **Correction**

2. **Tax year** for which media is submitted

3. Transmitter control code (Required)

4. Name of transmitter

5. Name of person to contact regarding magnetic/electronic files

Telephone number: (      )

6. Name/address of company and name/title of person to whom problem files are to be returned (*street, city, state, and ZIP Code*)

7. Type of media filed

9 track tape

3 1/2" diskette

Name

7a. Tape cartridge filers only

36 track

18 track

4mm

8mm

QIC

Contact

7b. Electronic filers only

File Name:

Address

8. Total pieces of magnetic media in shipment

City

State

Zip

9. Combined total of payee records from section 10 and any attached Forms 4802

10. Please use this section to report information for up to five types of returns and/or payers. If additional space is needed, please use Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation).

Name of Payer	Employer Identification Number	Type of Return	Total Payee Records	Transmitter's Media No.

**Affidavit**

IRS Use Only

**Under penalties of perjury, I declare that I have examined this transmittal, including accompanying documents, and, to the best of my knowledge and belief, it is correct and complete.**

*(Normally, the payer must sign the affidavit above. The authorized agent of the payer may sign if all conditions are met as stated on the back.)*

**SIGNATURE (Required)**

Title

Date

**General Instructions**

**Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue Laws of the United States. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to provide this information will vary depending on individual circumstances. The estimated average times are:

- Preparing Form 4804 . . . . . 18 min.
- Preparing Form 4802 . . . . . 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

DO NOT SEND THE FORMS TO THIS OFFICE. Instead, see the instructions below on where to file. **When completing this form, please type or print clearly in BLACK ink.**

**Purpose of Form.** Use Form 4804 to transmit the following types of information returns magnetically or electronically: Form 1099 series, Forms 1098, 5498, W-2G, 1042-S, and 8027. You must include Form 4804 with each file you submit to the Internal Revenue Service.

**Specific Instructions**

**Block 1**

Indicate whether the data in this shipment is an original, correction, replacement, or test file by checking the appropriate box.

**Definitions**

**Correction:** A correction is an information return submitted by the payer to correct erroneous information previously sent to IRS/MCC.  
**Replacement:** A replacement is an information return file that IRS/MCC returned to the transmitter due to errors encountered during processing. After you have made the necessary changes, you must resubmit the media/electronic files to IRS/MCC

**Block 2**

Indicate the tax year for which media is being submitted.

**Block 3**

Enter the five-character alpha/numeric transmitter control code assigned by IRS. TCCs for 1042s filing begin with the numbers 22.

**Block 4**

Enter the name of the transmitter. (Reference Affidavit Requirements below.)

**Block 5**

Enter the name and telephone number of the person to contact about the magnetic/electronic files.

**Block 6**

Enter the name and address of the company, along with the name/ title of the person to whom unprocessed media is to be returned.. This information is not needed for electronic filing.

**NOTE: IRS will not return media that has been successfully processed.**

**Block 7**

Indicate the type of magnetic media you're sending us.

**Block 7a**

Indicate whether your tape cartridge is 18 or 36 track, 4mm, 8mm or QIC.

**Block 7b**

If filing electronically, tell us the file name assigned by our system.

**Block 8**

Enter the total number of media included in your shipment. This information is not needed for electronic filing.

**Block 9**

Enter the combined number of all payees listed in section 10 and any attached Forms 4802.

**Block 10**

Enter the payer name, Type of Return (e.g. 1099-INT, 5498 or 1098) and the number of Payee "B" Records. For Form 1042S Total Payee Records, show the number of Recipient "Q" Records. For Form 8027 Total Payee Records, show the number of establishments reported.

**Transmitter Media Number:** If your organization uses an in-house numbering system to identify media, indicate the media number(s) in the appropriate blocks. If your file contains more than one medium (for example, 1 of 5 or 2 of 5), indicate the number of the first medium only. This information is not needed for electronic filing.

**Note:** Forms 4804 must be signed before IRS can process magnetic or electronic files

**Mailing Address:**

Send your media with transmittal Forms 4804/4802 to the appropriate address below:

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
230 Murall Dr  
Kearneysville, WV 25430

**Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation)**

In addition to the Form 4804, use Form 4802 if you are reporting more than five types of returns and/or for more than five payers.

**Affidavit Requirements**

A transmitter, service bureau, paying agent, or disbursing agent (all hereafter referred to as "agent") may sign Form 4804 on behalf of the payer (or other person required to file), if the conditions in item 1 and 2 are met:

1. The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law.
2. The agent signs the form and adds the caption "For: (Name of payer or other person required to file)".

The authorized agent's signing of the affidavit on the payer's behalf does not relieve the payer of the responsibility for filing a correct, complete, and timely Form 4804, with attachments, and will not relieve the payer of any penalties for not complying with those requirements.



Department of the Treasury -- Internal Revenue Service  
**Request for Waiver From Filing  
Information Returns on Magnetic Media**  
(Forms W-2, W-2G, 1042S, 1098, 1099 Series, 5498, 5498-MSA, and 8027)  
(Please type or print in **black ink** when completing this form - see instructions on back.)

OMB Number  
1545--0957

**Note:** Only the person required to file on magnetic media can file Form 8508. A transmitter cannot file Form 8508 for the payer, unless he or she has a power of attorney. If you have a power of attorney, attach a letter to the Form 8508 stating this fact.

1. **Type of submission**     Original     Reconsideration

2. Waiver requested for tax year (Enter one year only)

**20**\_\_\_\_\_

3. Payer name and **complete** address. (A **separate** 8508 form must be filed for **each payer** requesting a waiver.)  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

4. Federal identification number (9-digit EIN/SSN)

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5. Name and title of person to contact about this request if IRS needs additional information.  
\_\_\_\_\_

6. Telephone number  
(    ) \_\_\_\_\_

7. Waiver Requested for	Est. Volume of Forms Checked That			Waiver Requested for	Est. Volume of Forms Checked That		
	(a) You wish to file on paper	(b) You will be filing in total	(c) You expect to file next tax year		(a) You wish to file on paper	(b) You will be filing in total	(c) You expect to file next tax year
<input type="checkbox"/> 1042S				<input type="checkbox"/> 1099-OID			
<input type="checkbox"/> 1098				<input type="checkbox"/> 1099-PATR			
<input type="checkbox"/> 1098-E				<input type="checkbox"/> 1099-R			
<input type="checkbox"/> 1098-T				<input type="checkbox"/> 1099-S			
<input type="checkbox"/> 1099-A				<input type="checkbox"/> 5498			
<input type="checkbox"/> 1099-B				<input type="checkbox"/> 5498-MSA			
<input type="checkbox"/> 1099-C				<input type="checkbox"/> 8027			
<input type="checkbox"/> 1099-DIV				<input type="checkbox"/> W-2			
<input type="checkbox"/> 1099-G				<input type="checkbox"/> W-2AS			
<input type="checkbox"/> 1099-INT				<input type="checkbox"/> W-2G			
<input type="checkbox"/> 1099-LTC				<input type="checkbox"/> W-2GU			
<input type="checkbox"/> 1099-MISC				<input type="checkbox"/> W-2PR			
<input type="checkbox"/> 1099-MSA				<input type="checkbox"/> W-2VI			

8. Is this waiver requested for corrections ONLY?     Yes     No

9. Is this the first time you have requested a waiver from the magnetic media filing requirements for any of the forms listed in Block 7?  
 Yes (skip to signature line)     No ( Complete block 10 or attach a detailed explanation of why you need a waiver)

10. Enter **two** current cost estimates given to you by third parties who would prepare your files for you. Cost estimates for any reason other than the preparation of magnetic media will not be acceptable.  
  
*Attach these two written cost estimates to the Form 8508. Failure to provide cost estimates and/or signature will result in denial of your waiver request.*

\$ \_\_\_\_\_  
\$ \_\_\_\_\_

**Under penalties of perjury, I declare that I have examined this document, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.**

11. Signature

Title

Date



**General Instructions**

**Paperwork Reduction Act Notice.**--We ask for the information on this Form 8508 to carry out the Internal Revenue laws of the United States. You are required to give us this information. You are not required to provide the information requested on the form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential as required by Code section 6103.

The time needed to complete this form will vary depending on the individual circumstances. The estimated average time is:

**Preparing the form. . . . . 45 min.**

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

DO NOT SEND THE FORM TO THIS OFFICE. Instead, see the instructions below on where to file.

**Purpose of Form.**--Use this form to request a waiver from filing Forms W-2, W-2AS, W-2G, W-2GU, W-2PR, W-2VI, 1042S, 1098, 1099 Series, 5498, 5498-MSA, or 8027 on magnetic media for the tax year indicated in Block 2 of this form. Complete a Form 8508 for each employer identification number (EIN). You may use one Form 8508 for multiple types of forms. After evaluating your request, IRS will notify you as to whether your request is approved or denied. The chart below contains volume requirements and the acceptable media for each form.

**Specific Instructions**

**Block 1.**--Indicate the type of submission by checking the appropriate box. An original submission is your first request for a waiver for the current year. A reconsideration indicates that you are submitting additional information to IRS that you feel may reverse a denial of an originally submitted request.

**Block 2.**--Enter the tax year for which you are requesting a waiver. Only waiver requests for the current tax year can be processed. If this block is not completed, the IRS will assume the request is for the current tax year.

**Block 3.**--Enter the name and complete address of the payer.

**Block 4.**--Enter the employer identification number (EIN) or the social security number (SSN) of the payer. The number must contain 9 digits.

**Blocks 5-6.**--Enter the name, title and telephone number of someone to contact if additional information is needed by IRS.

**Block 7.**--Check the box(es) beside the form(s) for which the waiver is being requested.

**Block 7b.**--Enter the total number of information returns for each form checked that you plan to file (magnetic media and paper).

**Block 7c.**--Provide an estimate of the total number of information returns you plan to file for the following tax year.

**Block 8.**--Indicate whether or not this waiver is requested for corrections only. If you request a waiver for original documents and it is approved, you will automatically receive a waiver for corrections. However, if you can submit your original returns on magnetic media, but not your corrections, a waiver must be requested for corrections only.

**Block 9.**--If this is the first time you have requested a waiver for any of the forms listed in Block 7, for any tax year, check "YES" and skip to Block 11. However, if you have requested a waiver in the past and check "NO," complete Block 10 or attached a detailed explanation of why you need a waiver. Waivers, after the first year, are granted only in case of extreme hardship or catastrophic events.

**Block 10.**--Enter the cost estimates from two service bureaus or other third parties who will prepare your files for you. These cost estimates must reflect the total amount that each service bureau will charge to produce your magnetic media file only. **If you do not provide two written cost estimates from service bureaus or other third parties, we will automatically deny your request. Prior years' cost estimates will not be accepted.**

**Block 11.**--The waiver request must be signed by the payer or a person duly authorized to sign a return or other document on his behalf.

**Filing Instructions**

**When to File.** -- You should file Form 8508 at least 45 days before the due date of the returns for which you are requesting a waiver.

**Where to File.** --

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
240 Murall Dr  
Martinsburg, WV 25430

For further information concerning the filing of information returns to IRS either magnetically or electronically, contact the IRS Martinsburg Computing Center at the address given above or by telephone at (304)263-8700 between 8:30 a.m. and 4:30 p.m. Eastern Standard Time.

**Penalty.**--If you are required to file on magnetic media but fail to do so and you do not have an approved waiver on record, you may be subject to a penalty of \$50 per return unless you establish reasonable cause.

**Magnetic Media Filing Requirements and Acceptable Media**

*If the total number of documents to be filed is below the 250 threshold, you are **not required** to file on magnetic media, and you **do not** need to submit Form 8508 to IRS.*

Type of Documents	Acceptable Media
Forms 1098, 1099-series, W-2G, 5498, or 5498-MSA	1/2" Magnetic Tape, Cartridges, 3-1/2" Diskette, and Electronic Filing
Forms W-2, W-2AS, W-2GU, W-2PR, W-2VI *	1/2" Magnetic Tape, Cartridges, 3-1/2", 5-1/4" Diskette and Electronic Filing
Forms 1042S	1/2" Magnetic Tape, Cartridges, Tape Cartridges, 3-1/2" Diskette and Electronic Filing
Forms 8027	1/2" Magnetic Tape, Cartridges, 3-1/2" Diskette and Electronic Filing

\* To file these Forms on magnetic media, contact the Social Security Administration (SSA). For all other forms listed, contact IRS.

# Request for Extension of Time To File Information Returns

(For Forms W-2, W-2G, 1042-S, 1098, 1099, 5498, and 8027)

▶ **Send to Martinsburg, WV. See Where to file on page 2.**

<b>Extension Request for Tax Year</b> ▶ _____ (Enter only 1 tax year.)	<b>1</b> Filer or transmitter name and mailing address (number and street (including room or suite number) or post office box, city, state, and ZIP code) <b>(Please type or print clearly.)</b>	<b>2</b> <b>Federal identification number</b> (Enter your nine-digit number. Do not enter a hyphen.)  
	<b>3</b> Transmitter control code (IRS magnetic media/electronic filers only)	<b>4</b> Person IRS can contact about this request
	<b>5</b> Telephone number	

**6** Enter total number of filers for which this request is made (Complete only if you are a transmitter requesting an extension for more than one filer. You must attach a list of the names and taxpayer identification numbers of such filers. If you are making the request for 10 or more filers, see the **Note** under **Who may file** below.) . . . . . ▶

**7** Check this box only if you received an original extension and you now need an additional extension. (See instructions.) ▶

**8** Check the boxes that apply. Do not enter the number of returns.

**Caution: Do not use this form to request an extension of time to (1) provide statements to recipients, (2) file Form 1042 (use Form 2758), or (3) file Form 1040 (use Form 4868).**

Form	Check here (✓)	Form	Check here (✓)	Form	Check here (✓)	Form	Check here (✓)
W-2		1042-S		1099-DIV		1099-PATR	
W-2AS		1098		1099-G		1099-R	
W-2CM		1098-E		1099-INT		1099-S	
W-2GU		1098-T		1099-LTC		5498	
W-2VI		1099-A		1099-MISC		5498-MSA	
499 R-2/W-2 PR		1099-B		1099-MSA		8027	
W-2G		1099-C		1099-OID			

**9** State in detail why you need an extension. If you need more space, attach additional sheets.

Under penalties of perjury, I declare that I have examined this form, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

**Signature** ▶ \_\_\_\_\_ **Title** ▶ \_\_\_\_\_ **Date** ▶ \_\_\_\_\_

## General Instructions

**Purpose of form.** Use this form to request an extension of time to file any form shown in line 8.

**Who may file.** Filers of returns submitted on paper, on magnetic media, or electronically may request an extension of time to file on this form. A transmitter for multiple filers may file this form but must attach a list of filer names and taxpayer identification numbers.

**Note:** For all forms shown in line 8, except Form 8027, if you are requesting extensions of time to file for more than 50 filers, you must submit the extension requests magnetically or electronically. If you are requesting extensions of time for 10-50 filers, you are encouraged to submit the extension requests magnetically or

electronically. For more information, see **Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498 and W-2G Magnetically or Electronically**, and **Pub. 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Magnetically or Electronically**.

**When to file.** File Form 8809 as soon as you know an extension of time to file is necessary. However, Form 8809 **must** be filed by the due date of the returns. For example, a request for an extension of time to file **Form 1099-INT**, Interest Income, must be filed by February 28.

**Note:** If you file electronically, you may file Forms W-2, W-2G, 1098, 1099, or 8027 by March 31. Then the due date for Form 8809 is also March 31.

If you are requesting an extension of time to file several types of forms, you may use one Form 8809, but you must file Form 8809 by the earliest due date. For example, if you are requesting an extension of time to file both Forms 1099-INT and **Forms 5498**, IRA Contribution Information, you must file Form 8809 by February 28. (If you file electronically, you may file Form 8809 by March 31.) You may complete more than one Form 8809 to avoid this problem. You may request an extension for only 1 tax year on this form. **An extension cannot be granted if a request is filed after the due date of the original returns.**

The due dates for filing Form 8809 are shown below.

IF you file Form . . .	MAGNETICALLY or on PAPER, then the due date is . . .	ELECTRONICALLY, then the due date is . . .
W-2, W-2AS, W-2CM, W-2GU, W-2VI, 499 R-2/W-2 PR	Last day of February	March 31
W-2G	February 28	March 31
1042-S	March 15	March 15
1098 Series	February 28	March 31
1099 Series	February 28	March 31
5498 Series	May 31	May 31
8027	Last day of February	March 31

If any due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

**Caution:** You do not have to wait for a response before filing your returns. File your returns as soon as they are ready. For all forms shown in line 8, except Form 8027, if you have received a response, **do not** send a copy of the letter or Form 8809 with your returns. If you have not received a response by the end of the extension period, file your returns. When filing Form 8027 on paper **only**, attach a copy of your approval letter. If an approval letter has not been received, attach a copy of your timely filed Form 8809.

**Where to file.** Send Form 8809 to IRS-Martinsburg Computing Center, Information Reporting Program, Attn: Extension of Time Coordinator, 240 Murall Dr., Kearneysville, WV 25430.

**Extension period.** If the IRS approves your extension request, you will be granted an extension of 30 days from the original due date.

**Additional extension.** Although rarely granted, you may request an additional 30-day extension by submitting another Form 8809 before the end of the first extension period.

**Approval or denial of request.** Requests for extensions of time to file information returns are not automatically granted. Approval or denial is based on administrative criteria and guidelines. The IRS will send you a letter of explanation approving or denying your request.

**Note:** If your extension request is approved, it will only extend the due date for filing the returns. It will not extend the due date for providing statements to recipients.

**Penalty.** If you file required information returns late and you have not applied for and received an approved extension of time to file, you may be subject to a late filing penalty. The amount of the penalty is based on when you file the correct information return. The penalty is:

- \$15 per information return if you correctly file within 30 days (i.e., by March 30 if the due date is February 28); maximum penalty \$75,000 per year (\$25,000 for certain small businesses).
- \$30 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$150,000 per year (\$50,000 for certain small businesses).
- \$50 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$250,000 per year (\$100,000 for certain small businesses).

A small business is a firm with average annual gross receipts of \$5 million or less for the 3 most recent tax years.

If you intentionally do not file correct information returns, the penalty is at least \$100 per return with no maximum penalty.

## Specific Instructions

**Tax year.** Enter the tax year for which the extension is requested. If no tax year is shown, the IRS will assume you are requesting an extension for the returns currently due to be filed.

**Line 1.** Enter the name and complete mailing address, including room or suite number, of the filer requesting the extension of time.

Use the name and address where you want the response sent. For example, if you are a preparer and want to receive the response, enter your client's complete name, care of (c/o) your firm, and your complete mailing address. If you act as transmitter for a group of filers, enter your name and address here, and attach a list of filer names and taxpayer identification numbers.

**Note:** Approval or denial notification will be sent only to the person who requested the extension (filer or transmitter).

**Line 2.** Enter your nine-digit employer identification number (EIN). If you are not required to have an EIN, enter your social security number. Do not enter hyphens. A transmitter must enter the transmitter's EIN. Failure to provide this number, and list of numbers if you are acting as a transmitter as explained under **Line 1**, will result in automatic denial of the extension request.

**Line 3.** For magnetic media or electronic filers only. If you filed **Form 4419**, Application for Filing Information Returns Magnetically/Electronically, to file Forms 1042-S, 1098, 1099, 5498, W-2G, or 8027, and it was approved, the IRS-Martinsburg Computing Center assigned you a five-character Transmitter Control Code (TCC). Enter that TCC here. Leave this line blank if you (1) are requesting an extension to file any Forms W-2, (2) are requesting an extension to file forms on paper, or (3) have not yet received your TCC.

**Line 4.** Enter the name of someone who is familiar with this request whom the IRS can contact if additional information is required.

**Line 5.** Enter the telephone number, including area code, of the person shown on line 4.

**Line 6.** For transmitters requesting an extension for two or more filers, enter the number of filers. Be sure to attach the required list. If you are filing this request magnetically/electronically, enter the number of records on the file; **do not** attach a list of filers. See the **Note** under **Who may file**. All others should leave this box blank.

**Line 7.** Check this box to tell the IRS you have already received at least one extension, but you need an additional extension for the same year and for the same forms. Do not check this box unless you received an original extension.

**Line 8.** Indicate the information returns for which you are requesting an extension of time to file by checking the appropriate box(es). For example, if you are requesting an extension of time to file Forms 1099-INT, check the box beside Form 1099-INT.

**Note:** If you are required to file 250 or more returns, you must file them magnetically or electronically. See the instructions for the returns you are filing for more information.

**Line 9.** Explain why you need an extension of time to file.

**Signature.** Form 8809 must be signed by you or a person who is duly authorized to sign a return, statement, or other document.

**Note:** Failure to properly complete and sign this form may cause delay in processing or result in the denial of your request. Be sure you are requesting an extension of time to file only for returns listed on line 8 on this form.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. Form 8809 is provided by the IRS to request an extension of time to file information returns. Regulations section 1.6081-1 requires you to provide the requested information if you desire an extension of time for filing an information return. If you do not provide the requested information, an extension of time for filing an information return may not be granted.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 2 hrs., 4 min.
- Learning about the law or the form** . . . . . 10 min.
- Preparing and sending the form to the IRS** . . . . . 26 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where to file** above.



Media label, Form 5064, has been obsoleted. It is no longer necessary to use special labels from IRS for your media. Any pressure sensitive label can now be used as long as it contains the following information:

**Type of filing:** Indicate whether data is **Original**, **Replacement**, **Test** or **Correction**.

**Tax Year:** Indicate tax year for which media is submitted.

**IRS TCC:** (*Transmitter Control Code*): Provide TCC assigned to the transmitter.

**Transmitter's name**

**Operating system/Hardware:**

**Recommended label format:**

3-1/2 inch diskette files, indicate the type of personal computer operating system, and software package used to create the media (for example: IBM.PC/AT-MSD/DOS, Apple MacIntosh/MacWrite V2.2).

Type of filing \_\_\_\_\_  
Tax Year \_\_\_\_\_ IRS TCC \_\_\_\_\_  
Transmitter name \_\_\_\_\_  
Operating system/Hardware \_\_\_\_\_  
Number of payees \_\_\_\_\_  
Transmitter number for media \_\_\_\_\_  
Media sequence \_\_\_\_\_ of \_\_\_\_\_

For tape, indicate either EBCDIC or ASCII.

For tape cartridge, indicate operating system, either EBCDIC or ASCII, and either 18- or 36-track.

For 8mm tape cartridge, indicate operating system, and either EBCDIC or ASCII.

**Number of payees:** Indicate the total number of Payee "B" Records, Recipient "Q" Records for Form 1042S, or total number of establishments for Form 8027 reported on the media.

**Transmitter number for media:** If available, provide the in-house number assigned by your organization to the tapes, tape cartridges or diskettes.

**Media sequence:** Indicate sequence number of media and total number of media in file (*for example: Media sequence 1 of 3, 2 of 3, 3 of 3*).

**Please affix external label to appropriate area on magnetic media. Do not hinder the ability to process media when affixing label.**

### Paperwork Reduction Act Notice

We ask for the information in Notice 210 to carry out the Internal Revenue laws of the United States. You are required to give us the information. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103. The time needed to provide this information will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have any comments concerning the accuracy of this time estimate or suggestions for making this notice more simple, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

IRS-Martinsburg Computing Center  
Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

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Official Business  
Penalty for Private Use, \$300

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